

**Town of Milton  
Town Council Meeting  
Milton Library, 121 Union Street  
Monday, September 12, 2011  
6:30 p.m.**

**Transcriptionist: Helene Rodgville  
[Minutes are Not Verbatim]**

1. **Presentation by the State Auditor's Office: Status Update of the Town Audit**  
Tom Wagner, State Auditor's Office: Good evening. Kathleen, do you want to come up here, in case you have any questions. Good evening to everybody. Let me start with just sort of the history of all this. Normally the State Auditor's Office would not be involved in doing these audits with a community. We look at the Municipal Street Grants. The last one of those that we did in Milton in 2009 and there were significant issues with that; a whole host of issues with that report. Having said that; I guess my initial contact on this is Norman called me a year ago, give or take, with some issues and we were giving some guidance, particularly Kathleen O'Donnell, who is the Chief Administrative Auditor in the office and in looking at the records of the town, to say that they were a mess, was probably understating what a mess is and through our counseling, it was decided to bring in a firm that had a lot of expertise in governmental accounting and their job was sort of to try and put the records together, so that we could have a starting point and I agreed to have my office do the fiscal year audit. What the firm did was really put the numbers together and sort of reach a conclusion of where the Town is at and what adjustments need to be made and that was a major undertaking. There were a lot of issues there. Any deep questions on that, I think Kathleen can handle those better than I. We put that together. In June of this year we had an entrance conference; there's been some delays. I think there's some delays with information from the Town. There were delays with the firm's work of putting all the numbers together and part of that was that in some cases, finding the numbers were hard, if not impossible to do. So having said that, where we're at right now is that in essence the Auditor's Office is doing this for free for the Town of Milton. Again, we've never done this before; going in and doing a financial audit of a Town, is what we're doing and we made the decision to help the Town. I know the Town's financial resources are very restricted right now and in doing this, I think that we will save the Town a tremendous amount of money, because quite frankly, an accounting firm to step in right now and do the Audit, post these issues, I think would be a very hefty price and would be a very risky endeavor for them to follow professional standards, so where we're at now is we're getting ready to start... Realizing that we had hoped for this to occur a couple of months ago; it got delayed and we're getting into some busy seasons with us; I've got a very limited staff and obviously my first priority is to my responsibilities as State Auditor and we're doing our best to get on this and get it

done quickly. Having said that, when we start we think it will take a substantial amount of time for us to do, just because of the non-existence of records and really having to recreate the status of the Town's finances. The firm left a couple of questions open-ended; they're very technical and I won't get into them, but it's going to really take a lot of work for us, I think, to put together the fiscal year audit, as I believe your audit period is 9/30?

Mayor Newlands: Yes.

Tom Wagner: So as of the 9/30... And it's going to take a while to get it done right, being key; and then I think from there forward, the Town can select an auditing firm that can move ahead for them. But right now, the records are such that it would be considered a high risk audit from an auditor's perspective because of the lack of certain documentations and problems in the past; so we're moving diligently ahead. It's certainly been a slower process, I think, than any of us anticipated and from my part, again, the pressure is on our office, and our priorities are first and foremost the State and as you're probably well aware, the State certainly has it's issues. We just put in a new accounting system; a software package, in essence, last year and that's actually gone far better than I thought it would; but it still has it's issues and has it's problems. With that, I guess, I would open up for any questions.

Mayor Newlands: I do want to mention that we did have Jeff Weiss, the auditor from the Pennsylvania firm; he was out for a significant amount of time with an injury; and that delayed us a little bit, as well.

Tom Wagner: I forgot about that.

Mayor Newlands: Councilman Lester?

Councilman Lester: Well first I want to thank Tom and Kathleen; they've been very helpful. I know, I took a look at that original contract that you drafted and I don't think anybody on the Council could have put together such a far reaching contract. My engagement letters have always been pretty straightforward. We will do this, we won't do that and don't expect us to give an opinion, but it was very detailed and I really appreciate the time and effort you've gone through and you've always been there to answer the phone. Part of the problems that Jeff ran into, Jeff Weiss, were that some of the activities affecting the prior year, went back to 2009 and prior; and I believe in the Draft Statements he's restating the beginning balances; so all these things did take a great deal of time. I know that.

Tom Wagner: Oh yes, the problems certainly go beyond just fiscal year 2009 or for that matter 2008, so at some point you are given the luxury of sort of making an major adjustment because there's really no way you could figure out exactly what had happened that many years in the past.

Councilman Lester: Fortunately, we're not going out for any loans; because banks don't like to look at restated Financial Statements.

Tom Wagner: And I would say to all members of Council, where it becomes important is that in today's world of finances is Manager's is the Board of Directors; just as I am for the State of Delaware you all are for the Town of Milton and you have certain legal responsibilities and the finances that we've seen

over the years, at the corporate level and now we're seeing it at the government level; the accountability that we've had in the past is going to be nothing like the accountability that is being put on us into the future and the days and necessities of having your financial books in order have certainly come. I've had the privilege of being the Mayor of Camden and for those of you that have recently moved to Delaware; that is Camden, Delaware, not to be confused with Camden, New Jersey; or I undoubtedly would be a convicted felon standing here talking to you. I know what it's like first hand to be a Councilman or Mayor of a small community and the time and effort that's put into it and sometimes the lack of even thanks or sometimes the criticism that goes with the job and stuff; so I certainly fully appreciate that and it was certainly one of my motivating factors to try and help the Town of Milton out; because, unfortunately, in Delaware, there really is nowhere for the Town of Milton, the Town of Rehoboth, the City of Dover, or for that matter Sussex, or Kent, or New Castle County to go to for any kind of legal, fiscal, other than your own solicitors legal or fiscal advice and while the State Auditor's Office can't completely fill that void, I've always felt a little bit of an obligation just to my past to be as helpful as we can be.

Councilman Lester: Well, you've certainly done that.

Mayor Newlands: They've done a very good job and I want to thank you for putting all this together for us and helping us out; and coordinating everything through your office.

Tom Wagner: As I look at my staff, my staff is the talent. I am just the eye candy for the...

Councilman Lester: Yes, Kathleen has been our main contact.

Tom Wagner: Yes.

Councilwoman DUBY: I have a question and I'm not sure whether it's to be directed to you or to the Mayor and Councilman Lester. Obviously we'll get an audit report when you're finished, as we always have every year on an audit; but are we going to get a report, as well, on exactly what's been done by the firm in Pennsylvania? We've heard over and over and over what a mess the books were in and so on. I would like to see a very detailed specific report that says, this is the way they were screwed up. In other words, you know, this is what we found; this is what happened and how it happened.

Tom Wagner: Let me have Kathleen address that.

Kathleen O'Donnell: That was one of the technical aspects that's rather unusual with the circumstance and in the beginning we talked about the necessity of doing prior period adjustments to the financials; recasting those financials; and whether that would even be of benefit to the Town; so I recognize that as we audit the current period, we're going to need to reflect what the adjustments were from the prior fiscal years; in order to give an true picture of the fiscal accounting for the year that we are opening on; because some of this is precursor to us doing our audit opinion for that year. Our opening balances; your opening balances have changed from your last set of financials and in the discussion it was decided that it would be of more benefit to the Town to get you on the right path moving

forward; but yet give you enough; the Council; enough information so that you'll have an understanding of what was not quite accurate financially in the past. So we'll work with you when we draft the findings to give you that information and so you'll be asked in a Confidential Draft to respond as the Town and we'll work with you on drafting that language so it's meaningful to the Council and also to the Town, once the report's released. Because some it can get rather technical and most people don't follow the nuances of some of the accounting language.

Councilwoman DUBY: Yes, and I don't expect that I will very quickly learn to follow the nuances of accounting; that's why I would like to see something, either from the firm or you all or whatever, that says, possibly in English as opposed to accounting terms; this is the way in which these books were screwed up.

Kathleen O'Donnell: Right. For example, I can give you one off the top that took a considerable amount of time to flush out; fixed assets. Most of us can relate to we have so many assets, personally; and when you don't do an update, let's say for your insurance policy, you're not sure what you have on hand and some things become rather old and outdated, like some of us have computers that are basically worthless now; so you need to remove them from the listing or maybe you gave them away or disposed of them; that was ongoing. I think that went back; I know some of the assets...

Councilman Lester: Went back a long time.

Kathleen O'Donnell: Yes, over a decade.

Councilwoman DUBY: They just had not been taken off the list.

Councilman Lester: Right.

Kathleen O'Donnell: Yes and some things were not even put on the list, that are new and are quite valuable to the Town and you would want to know that that money was invested and it does distort your financial picture; both in the past and in the current year. That's just one simple example.

Councilwoman DUBY: Great, thank you. I'll look forward to seeing that.

Tom Wagner: And I think the decision was made and I think rightfully so; what the hope is that when this process is done, we will be able to have a set of numbers that we can move forward with. The accounting firm that does this in the future can move forward with on this now. Undoubtedly, you never want to say what an opinion is. An opinion is from an auditor's perspective without qualifications; meaning, we absolutely think this is the proper financial records of the town; a qualification would be, we think it's this, but it gets worse after that. I would venture to say that the opinion the Town gets, will not be a positive opinion. I think that you can anticipate that and that just means that this is what our numbers are; we've still got control problems and we've still got some issues and problems that we've got to fix. But I think to me, the issue is to move forward and move away from necessarily your past.

Councilwoman DUBY: Well and my understanding is that we're also going to come out of this with some policies and procedures in place, that we haven't had in the past, so going forward we will be doing things right.

Tom Wagner: And I would say this very important part of policies and procedures

is, I've got State agencies that have policies and procedures and I've got State agencies that don't follow them; so the key is, you can all the policies and procedures you want, but the key is that you adhere to them and follow them.

Mayor Newlands: Does anybody else have any questions?

Councilman Lester: One thing, Mr. Mayor, that Mr. Wagner and Kathleen have offered to help us draft a contract for the audit for this coming year and they're going to give us a list of people that might qualify.

Tom Wagner: Yes, sure.

Councilman Lester: At the last budget meeting, I brought up the fact that we really need a large firm or a larger firm; somebody that either specializes in government accounting and that is familiar with the Yellow Book or a firm that's large enough to have a division that audits. This is not a game for somebody who's a generalist; and I think we need that kind of firm and can you give me a reality check, because I don't do audits anymore.

Tom Wagner: I would agree that in the accounting profession you could break it into three different groups; the consulting service type of group, which is really what the firm from Pennsylvania did, was really a consulting service/auditing accounting help. The second would be that on the tax side, which obviously the Town wouldn't have any need and the third is to have a strong audit background. And there's firms in Delaware that fundamentally have audit shops. I would certainly not recommend a large, national firm; I think that a regional firm or one of the Delaware firms would be adequate. We have a host of companies that we do a lot of business with and there are some good firms out there and I think the Town can pick up a good audit and the key is always that if you want it done right, in this world, then sometimes you've got to pay a little bit of a price for that. We do not use price as our major factor in how we select firms to use. We look at quality and what we really need. In today's world you've really got to make sure that you're getting full fledged review. The numbers are too big and the numbers are too important to worry about the other sides of it.

Councilman Lester: Well, a question we got and not to drag this out, is that we're a small Town and it's a small budget, etc., etc. We've had some inane comments like we can do the audit ourselves and ad nauseum. But I really do think that we need somebody that specializes in what they do.

Tom Wagner: Oh I would absolutely concur with that.

Councilman Lester: Knows every facet of the audit procedure; follow GASBE, FASBE and Yellow Book.

Tom Wagner: Yes, I would absolutely concur with that and there are firms out there that can do that and do a nice job. I think the big advantage that you're going to have, is when we're done with the process, the new accounting firm is going to have the ability to work off of what we've done and that will take a tremendous amount of liability away from them. I mean, accounting and auditing is really nothing more than risk management; the risk that the organization has and how that organization manages it and from an accounting firms perspective is the risks that we have in taking on that audit and attesting to something and if

something blows up; ask what used to be considered the world's greatest accounting firm, Arthur Andersen; I mean, they literally went out of business with some poor work out of one office with a large corporation and the world of accounting and auditing has changed dramatically since I've been Auditor. It's night and day.

Councilman Lester: I agree with that. I have no more questions.

Mayor Newlands: Does anybody else have any more questions? Thank you very much.

Tom Wagner: My pleasure.

2. **Public Participation (We're keeping everybody to 2 minutes. We have a lot of people.)**

a) Lester Radke, Gravel Hill Road: I'm a property owner in Milton and I'm opposed to this Gross Rental Receipts Tax. First of all, I would like to ask Robin, is this list you gave me on the commercial rentals complete?

Robin Davis: It's the most current list that we have at this time of active commercial rentals.

Lester Radke: Okay. I'll address that a little bit later. To the Mayor and Council. The Gross Rental Receipts Tax will not generate the amount of revenue that the Mayor has stated. The Mayor has used a figure of 300 units in the town at a gross rate of \$1,000 a month rent. According to the town documents, there are only 275 residential rentals. 48 of those are Luther Towers, which is a tax exempt organization. Park Royal, there's 32 of those and they are State subsidized. Milton Landing is low income; there's 49 of them. That's 129 units that you're not going to get \$1,000 a month for; you're not going to get anything. Lewes, as you have referred to often, does not tax the low income rentals. Luther Towers is tax exempt; Park Royal is subsidized. If you exempt these, as they should be exempted; 146 units; you would have to get \$2,000 or \$2,500 a month from the remaining rental units, to produce the figure that you say you're going to. That's not going to happen. Now with regard to my question to Robin. There are 30 commercial rental licenses issued in the Town of Milton. Now we all know that there are a lot more than 30 units. Missing are some of the antique shops, bed and breakfasts, lawn service, restaurants, roofing and siding, beauty shops, floral shops; all of which are small businesses and do not need the expense of an additional tax; but if you're going to tax that one, you'll have to tax everyone. Speaking of antique shops, if you do pass this tax, how are you going to tax the business in the old Milton Hardware store; the guy rents stalls to several different people; how are you going to make a fair tax for that man? A tax of this nature is unfair and it has too many variables. Seaford tried to pass a tax of this nature; they could not find a way to monitor it fairly and they did not pass it. Dover has just, within the last month, found the same

thing, and they voted down the tax, because it cannot be monitored and it cannot be done fairly. I respectfully request that you do not pass this tax and thank you for your time.

Mayor Newlands: Thank you.

- b) Sandy Money, 117 Ellison Drive: Mr. Mayor, Representatives, I would like to address the streets in Cannery Village. We've been going over this issue for several years now and one thing I found out a couple of weeks ago, we had an engineer who said he was hired by the Town to do a punch list before we're turned over to the Town. I'm assuming this is true, or he wouldn't have told me that. The thing I want to really address is a couple of weeks ago we had a real bad fire on my block. I do not know if the Engine that came was the biggest engine that they have; but I do know that they had to go over our curbs and lawns to get to the fire. They did a wonderful job, there's no problem with that, is what worries me in the future, is we've had several instances; another one being where a propane leak happened and at that time we had a fire truck plus someone from Poors come. He said in the future if anything really happened, they could not get emergency vehicles together on this street. All our streets are beautiful, but the bottom line is you can't get around them and what we really would like to have done is because if an emergency vehicle has to come; an emergency medical vehicle had to come; can they get through and can they find us? What we need is signage that is going to work for this development because you cannot see our signage; especially in these pocket parks and on some of these side streets where you have the alleys. This has been an ongoing issue that we've addressed from time to time. I know Jeff Evans sent the Mayor a letter, which he said he hadn't had a response to yet. Obviously you haven't had time. But what we would really like to do is to extend an invitation, possibly to some of the members of the Council, Police Department, possibly someone from the Fire Department to re-look at this issue. All of these things were approved years ago. Since we've been living there and the residents have had problems, we're finding, they just don't work. A lot of people in our development actually have done a lot of work on it; Judy, Jeff, a lot of people. Jeff Evans has done an extensive thing. I think he turned over to you and the Fire Department, which is all good, but the bottom line is if someone had to come from another precinct or another Fire Department, they would never find us and they would never get around us. It would really help us if someone would come out. We'd be glad to have people meet with you all; we'd be glad to take you around; show you the streets; show you how it works; and we also have a proposal from Quillen Signs, as far as signs and things like that go. In the future, before this is turned over, we would like to have these on the punch list, so that these could be considered to have signage done that is going to work. You can not see our signage at night, even in the daytime it's hard. At night, it's almost

impossible.

Mayor Newlands: I know Allen has been out there with the Engineers and now that the budget season is ending, I'll have some more time to attend to this and I'll go out with him and talk to him about it; and we'll go out and take a look at it. I'm not sure if the signage is up to code, or not; we'll have to check and I know you want to put numbers underneath the signs like some other communities have.

Sandy Money: Yes, we need to have like apartment buildings do; possibly have some kind of illumination on them; or that the numbers be illuminated in some way. There's no way. I'll be invited somewhere and can't find the street. Our signs are black, which doesn't help. It's very pretty, esthetically, but it just doesn't work. I'd like to submit these plans to someone to have you all look over with the proposals and things like that. Thank you for your time.

Mayor Newlands: Sure, that would be fine. Thank you.

- c) Judy Shandler, 202 Grist Mill Drive: Actually, it's a slightly separate issue. I was looking at the agenda and two things came to mind that I wanted to just ask about or make a comment about. The first under Old Business and of course, budget issues. You know, we get it, you're working very hard on budget. I wanted to toss out the idea. I'm not sure if I heard people discussing perhaps looking at employee health care benefits as a cost cutting solution. With escalating prices, I was just wondering if you're looking at the possibility of exploring different plans or just insuring the employee and things of that nature. That's it. It's just a line item and I've been to the budget workshops and I didn't remember hearing that and I might be mistaken. Next item is under New Business, you have Accepting the Streets in two developments that are currently unfinished. That would be Wagamon's West Shores and also Preserve on the Broadkill; and basically, I have two questions on that. The language on the agenda is that you will tonight be voting to accept the streets and improvements and I'm just not too sure what the "and improvements" parts means.

Mayor Newlands: The lighting, the curbing.

Judy Shandler: Oh, okay, I got it. I got it. It wasn't like repairing potholes or things of that nature.

Mayor Newlands: No, no, no.

Judy Shandler: And the second question is actually the main question I wanted to ask. Since both of these developments are still under construction and we all expect construction to dribble on certainly over the years, but the question is, once the streets are dedicated to the Town; is the Town then responsible to repair any damage that comes from future construction?

Mayor Newlands: No, the actual builder will be responsible for that. So every time a permit is pulled, we'll go out and inspect the property and

make sure that the ground around the property, the roads and the curbing and the sidewalks are in good shape and any damage to that area will be the responsibility of the builder.

Judy Shandler: The builder or the developer?

Mayor Newlands: The builder.

Judy Shandler: Okay, interesting. Thanks.

Mayor Newlands: Okay. Thank you.

Councilman Lester: Ms. Shandler, I can answer your first question. We will have a meeting, hopefully in the next couple of weeks, with some people from the insurance company looking at tax related benefits for the staff. I'm not sure we can the insurance, because that's a critical issue.

Judy Shandler: I'm not saying employees should not have healthcare benefits; I'm not saying that.

Councilman Lester: But we are going to look at whatever tax benefits are out there to help in this time, because we've had quite an increase.

Judy Shandler: Thank you.

Mayor Newlands: Thank you.

- d) John Collier, 301 Coulter Street: I thank you for the opportunity to speak. I looked at tonight's agenda and under Old Business I see that you have an item to adopt fiscal year 2012 budget. When will the public be privileged to the document that you intend to adopt?

Mayor Newlands: It's the one on the website that we've been using for the last couple of weeks.

John Collier: Version 4?

Mayor Newlands: Version 4, yes.

John Collier: Well you had a workshop and nothing changed from then?

Mayor Newlands: We had one addition of \$1,000 being changed on that for Economic Development.

John Collier: Well if that's the final form of the budget, when does the public get a chance to respond to this?

Seth Thompson: The way the Charter is set up, the Town had it's Public Hearing to receive public comment. It's expressly provided that the budget may be adopted, which may include revisions. So, in essence, a Public Hearing isn't held every time there is a revision.

John Collier: Well, and I understand that, because I already asked this question once; but now we're to a final form and I don't understand why I have not been given the opportunity to review the document, if that is the final form, because nothing indicates it is such; and to publicly ask questions, because I'm still not satisfied. Now, I was told the last time I asked this question it was a Draft Document, but if you're going to adopt it, it is no longer a Draft. I believe that under the FOIA that the public is entitled to see that document that you intend to adopt and be told that this is it and given the chance to respond.

Councilwoman Hudson: It was always my understanding that it's a Draft

until it is adopted; because until we actually vote, the moment that we vote, we can still make changes; so it doesn't become a final document until the moment after we have our Council vote, technically speaking.

John Collier: Very well. Then let me go on record, as saying, that if you all had been through this again, you're rather inflexible about adjusting the budget if it only changed by \$1,000; and I think that it's grossly unfair to expect people who own rental properties to make up your deficit and actually, you put them in double jeopardy because not only did they pay Gross Rental Receipts Tax, but if you increase property taxes, you're taxing them twice to make up for the mistakes of others; it's the best language I could use for it. I asked the Council to consider, if you are going to raise taxes, that you should go to every department head and say hey I want this budget cut and it doesn't appear that that was done. I can't believe that this is bare bones, when I see fiscal year 2011 \$1,000; fiscal year 2012 \$1,000; fiscal year 2011 \$25,000; fiscal year 2012 \$25,000. I deal with budgets too. Right now I had to cut my staff by 25%; I'm still getting the same amount of work done, so it's not impossible to do and I haven't gotten one nickel of extra compensation. I'm doing it within my four hours. They tell me I have to cut it 10%; I cut it. I get a revenue projection every quarter and if the revenue projection is down, I've got to give up something out of my budget, just because the projection goes back up the next quarter; doesn't mean I get it back and I don't understand why the Town's making that kind of effort if we're in such dire economic straits.

Mayor Newlands: Just to let you know, this budget is \$150,000 less than last year's budget, so there were a lot of cuts made to the budget.

John Collier: Well, I saw the line that you put on 2008, compared to this year. Well, you know, I think that was a little bit of smoke and mirrors to make everybody think, oh look how far we've cut back. Well 2008 was a different time and there was a lot of things done that maybe weren't done correctly. Let's compare it to 2011; let's compare it to 2010; but no, we go where we get the fattest reduction in most of the lines that you show a reduction. So, you know, I don't buy into the current budget vs. 2008; I think that was just wasted time. Whoever spent their time on the spreadsheet, wasted their time for my money.

Mayor Newlands: Thank you.

John Collier: All right, thank you.

- e) Jeff Dailey, 211 Gristmill: Dog Fish Head Brewery, crown jewel of Milton. It is my understanding that Dog Fish Head Brewery owed the town between \$70,000 and \$80,000 for what are termed EDU's, Equivalent Distribution Units. This is volume having to do with the vertical tanks that were added to the exterior of the building; \$70,000-80,000. Included in that dollar amount that was owed to the town, were costs incurred by the brewery for the expansion of their offices. The addition of bathroom facilities and water hook-ups in anticipation of a

restaurant that had been planned for the front of the breweries main building. This large sum of money could be useful as we face a \$250,000 shortfall. That's one issue I would like to share. Next, Mr. Mayor now that you have made it clear in the Cape Gazette article that you never signed a non-disclosure agreement, but rather entered into a verbal agreement not to disclose the negotiations surrounding the 40+ acre land sale by Cannery Village developer Chestnut Properties to Dog Fish Head Brewery, would you assure all of the residents in the three neighboring neighborhoods; those three neighborhoods would be Cannery Row, Chestnut Crossing and Cannery Village and would you also assure all of Milton's citizens who have never included the prospect of 40+ acres, potentially being zoned Light Industrial within the town limits; in the town's consecutive 5-year planning. Again, regarding the future use of this land by Dog Fish Head Brewery, converting much of it to farmland, which they can do; could mean very little tax revenue for Milton in the town's future. Would you please assure all of us here tonight and all of those citizens not here tonight, that you will be holding Public Hearings on this land sale and the loss of over 150 homes representing Homeowner's Association fees to Cannery Village and long term tax revenue for the town, as well as assuring the quality of life within the town limits. One last item, the 2012 fiscal year budget; why not budget \$10,000 for the audit for that fiscal year and bid it out competitively to a Delaware firm; instead of the Pennsylvania firm that has been helpful to this point, but to the tune of, as I understand it, \$50,000. So Mr. Mayor I have two questions for you. Who on Council, other than you, approve the give back of between \$70,000 and \$80,000 to Dog Fish Head and can the town look forward to a Public Hearing on this major land sale?

Mayor Newlands: Actually it was \$85,000 that we billed Dog Fish Head and we we're not allowed to bill them anything. They're paying the appropriate amount of money for their water. It was an inappropriate bill that was given to Dog Fish Head. They were not required to pay any additional EDU's. If they were, we would have made the bill stick. So that bill was canceled because they were inappropriately billed that money.

Jeff Dailey: And this was done by you or Council?

Mayor Newlands: Me, because it was a bill and I went to the engineers and the engineers came back to us and told us that it was an inappropriate bill; they should have not been billed the money. We had no right doing it.

Jeff Dailey: Which engineers?

Mayor Newlands: CABE Associates and it was not the one that's here; it's Bob Kerr; and secondly, on the Public Hearing there will be a Public Hearing as there are with any zoning changes we do in town. That will be appropriately listed on the website.

Jeff Dailey: So just a Planning & Zoning meeting.

Mayor Newlands: It will be a Public Hearing from Planning & Zoning.

Jeff Dailey: Very good and I thank you so much.

Mayor Newlands: Thank you.

Seth Thompson: Just to clarify that, there's a Planning & Zoning element first; they have to make an advisory report. The Public Hearing which will be noticed in the newspapers, as well as on the website, is in front of Town Council.

- f) John Horan, 304 Brick Lane: Good evening Mr. Mayor and members of Council. I just had a little bit of a follow on related to the meeting on the 18<sup>th</sup> where you stated that you had signed a non-disclosure agreement which I read in the paper that you indicated that you didn't sign anything; that you had a verbal non-disclosure agreement. Can you tell me which?

Mayor Newlands: What I said in the 18<sup>th</sup> meeting was that I had a non-disclosure agreement. I didn't specify whether it was verbal or written. What I said in the papers was what happened was true.

John Horan: Okay. Now, so a non-disclosure agreement is a contractual agreement between the parties, whether it's verbal or whether it is in written form. You understand that, Sir?

Mayor Newlands: Yes.

John Horan: Now, as the Mayor... Do you have any other outstanding non-disclosure agreements with any other elements in industry related to business in Milton?

Mayor Newlands: No.

John Horan: No. Okay. In that case, Sir, since you only have the one non-disclosure agreement, can you tell me when that non-disclosure agreement was arrived at?

Mayor Newlands: I told you the last time, in March.

John Horan: In March. You said month's ago, you didn't say March. Now, as the Mayor, do you feel that your obligations are to us, the community that elected you to office or do you feel that you have obligations that are perhaps a higher element than that to other than the residents of Milton?

Mayor Newlands: I've obligations to everybody, but are you going to make a point here?

John Horan: Well the point is you engaged in a non-disclosure agreement; now Mr. Dailey has already addressed this; there are 150 odd homes that were going to be in 3A of Cannery Village. That is to the tune of a minimum of \$80,000 a year that the Homeowner's Association will not get. Now I certainly grant you those homes were not going to be built tomorrow or a year from now; or what have you. But this is going out in time. So you made a decision that the community would not be informed of this until it was already a done deal.

Mayor Newlands: Under the Ethics Codes of the State of Delaware, I cannot go out and break a trust like that or tell the public anything about a land deal that's going on. I am not allowed to do that. If something is told

to me in confidence, it's got to stay that way. And that has to do with the laws of the State.

John Horan: I agree, Sir. If something is told to you in confidence. I have signed many non-disclosure agreements throughout my career in industry. You don't walk into a meeting and after everything is discussed, then you're given a non-disclosure agreement. As soon as you step into that room, it's there. You know what you're going to discuss and you know that you are agreeing not to disclose that to anybody. I feel that you made an error in judgment in not letting the information out and in signing that agreement or verbalizing and not letting the community know what was going to happen in our community.

Mayor Newlands: All I can tell you is that it happened in the beginning of the meeting, number one; that's when I was asked not to disclose anything; not at the end of the meeting. I sat there and listened because I was being updated. I think your time is up. Thank you.

- g) John Booros, 115 Broad Street: Two months ago I asked about enforcing the current Code as to the \$75 license fee for rental properties and the way I figured it is, if we had sent a letter to every homeowner in town, for \$0.48 or \$0.49, or whatever a letter costs these days; that if seven of them had fessed up and got the \$75 license, we would have covered the postage on those letters going out and everything else would have been gravy and you're 270 some rental properties might have gone up a little for the honest people that got the \$75 license. Since I do live on Broad Street and I'm not going to discuss an ongoing investigation, it would appear to me that somebody would have checked that property where the ongoing investigation is occurring to see that he doesn't have a rental license to rent that property and maybe we could have gotten those people off of my street. Okay? All you have to do is check your list. They don't have a license to rent that property and if you read the Code, the Code says they have to have the license before they rent the property. And they have to be upstanding and not have back taxes and not have anything else. They don't have a license, so I don't understand why those people are still on my street; whether there's an ongoing investigation or not, they should be gone and it shouldn't have taken the Police Department and the Town Hall to check to see if the guy had a license to rent the property to begin with. He's been renting that property since the day I moved to this town and he still doesn't have a license.

Mayor Newlands: The license goes to the landlord, not the tenant.

John Booros: I'm talking about the landlord doesn't have a license to rent the property, so the tenant shouldn't be there.

Mayor Newlands: We are going through the list of all the property owners to match them all up with the rentals we are getting for the list.

John Booros: Well that particular one has a drug problem, Mr. Mayor, and you know about the drug problem; it's an open air drug dealing on the

street; it's not getting any better and he doesn't have a license to rent the property. He should have been gone. You should have revoked the landlord's right to rent the property based on the... If you read the Code... He doesn't have the right to rent that property without that license and you don't have to give him the license.

Mayor Newlands: I'll have to check back into that.

John Booros: Somebody needs to check. I mentioned it two months ago. It would have been \$500 or less in postage to send a letter out to everybody in this town asking them if they have a license or not.

Seth Thompson: To be clear, I think the violations for not having a license, wouldn't include eviction.

John Booros: I'm telling you, you don't have to give him a license if he's not an upstanding person, okay. If he's been renting the property for five years without a license, I'd say he's probably not the most upstanding landlord in town. Okay? So you could probably revoke his right to have a license to rent the property. Now how you get rid of the tenant, I don't know, but at least it's a start; because apparently nobody is doing anything else; because I came in late the other night and it's all night long. That's it. My two minutes is up.

- h) Councilwoman Hudson: I have a letter to read. First I would like to say that with only 7 people speaking, I resent the cut from three minutes to two minutes. I think that's arbitrary and times I've been here; there are many times in the past we've had more speakers than this and they were allowed 3 minutes. Now, having said that, I'll read the letter. "From D. J. and Allison Hughes and the subject is the proposed Gross Rental Receipts Tax. Dear Mayor and Council. We are writing primarily in response to the subject proposed ordinance. Briefly we are adamantly opposed to the proposed unnecessary ordinance and it's detrimental effects on residents, property owners and business owners in the town of Milton. We also are opposed to property tax increases, unless they are truly justified without other reasonable recourse. We believe both measures are an attempt to bail out our poor financial decisions by the town in the past, that may also enable similar poor decisions to continue to be made in the future. We would prefer that the town take a closer look at existing expenses to trim them further. As we understand the proposed subject ordinance as part of a larger effort to address the town's budget concerns, the town is proposing to impose a Gross Rental Receipts Tax on individuals who charge rent for any type of structure. The proposed new tax is in addition to a proposed, yet to be determined increase in the property taxes and the existing \$75 annual rental unit fee for residential. While various property tax rates and rental rates have been mentioned, the document on line does not propose a specific rental tax rate. Regardless, any rental tax rate is unacceptable. While I am not sure of the intent behind the proposed new tax, other than to generate revenue, the result would be an unnecessary burden on

residents, property owners and businesses within the town during economic times not conducive to new fees. We believe this is simply an attempt to bail out the town for past poor financial decisions and potentially enable future poor financial decisions in lieu of making tough but potentially necessary decisions such as trimming and/or cutting unnecessary spending, benefits, and/or staffing. While we do not want to disclose our personal financials publicly, we are willing to share our situation as an example. We do not currently have any rental units and we are not intending to make a profit on a rental property; rather we may be forced to rent out our existing primary residence as the only prospect for us to move our growing family into a larger residence with more space. We would certainly be financially burdened by the proposed ordinance. We have lived in our home for over seven years now. At the time, purchasing a home in my home town, seemed like a great idea. Unfortunately, as things turned out, we now have a severely under water mortgage. We cannot afford to sell our house due to the large amount of money we would have to pay to settle our mortgage to allow someone to buy our house. The amount far exceeds our life savings to date. However, unlike many homeowners, we are fortunate enough to be able to afford our mortgage. We have chosen not to walk away from it, simply because it is under water. Our only hope of ever selling the existing house is to rent the property, such as that we can pay down the mortgage to a point where we can afford to sell the house. Once we do sell the house, we will be making a significant enough loss to make our stomachs queasy. We would not profit on the rent in any way whatsoever; yet the town is proposing to tax the rent. Once we're able to sell the house at a certain significant financial loss to our family, the town stands to benefit from transfer tax, that will likely generate more revenue than the proposed rental tax revenue. However, any amount that must be taken from the rent and given to the town, for no apparent reason, will unhamper any efforts to sell the house and further prolong any chance of the town receiving any transfer tax revenue for the property. As an essentially lifelong Milton resident, I would greatly appreciate the Mayor and Council voting down this unnecessary and burdensome ordinance. A vote for this ordinance is a vote against property owners, residents and businesses alike within in Milton. I look forward to the hopeful defeat of this ordinance based on the public's concern. I implore you to strongly consider the effects, whatever intended or unintended, on families like ours; who you may not have considered would be significantly impacted. With respect to property taxes, we just ask that you do your best and consider some albeit very tough decisions to avoid or minimize any increase. Thanks very much for your time. D. J. and Allison Hughes”

Mayor Newlands: Thank you.

3. Call to Order – Mayor Newlands called the meeting to order at 7:22 p.m. and closed the Public Participation.

4. Moment of Silence – Councilwoman Betts

5. Pledge of Allegiance to the Flag

6. Roll Call – Mayor Newlands

Councilwoman Hudson	Present
Councilwoman Betts	Present
Councilman Lester	Present
Councilwoman Jones	Present
Councilwoman DUBY	Present
Mayor Newlands	Present
Councilman West	Absent

7. Additions or Corrections to the Agenda

Mayor Newlands: Do we have any additions or corrections to the Agenda?

Councilwoman Hudson: I do. I would like to see that we move the budget farther down the line, because it seems to me that if we vote for the budget first, then the way it is; which I feel that it is...

Mayor Newlands: I struggled with doing that and the only reason I put it up there is to see how much of a deficit we're going to have to fill the property tax.

Councilwoman Hudson: That's the thing. Then you're stuck trying to find taxes to balance this budget; whereas I think we just take the time right now to reduce this significantly, before we get to these other things.

Mayor Newlands: We've had three workshops already on that. Last time we spent 2-1/2 hours and we increased it by \$1,000.

Councilwoman DUBY: No, but there are items that are going to affect the bottom line. The issue of capping the police force and then I think, the property tax and Gross Rental Receipts Tax votes should take place beforehand so we have our picture of what we have both in terms of revenue and deficits; and then the vote to adopt the budget.

Councilwoman Hudson: So I make a motion to move Item b down below Item e.

Seth Thompson: Just to be clear, it's Item 13b?

Councilwoman Hudson: 13b down after 13e.

Councilwoman DUBY: I second the motion.

Mayor Newlands: Hold on, we have other changes to do too. I want to move 13f and 13g, above 13a actually, just to get the engineer out of here, so we can stop paying him for sitting around and listening to us.

Councilwoman DUBY: I'll second that too. No offense Scott.

Mayor Newlands: Also, on New Business Item 14a, that should say water tower and not water town. So we'll move 13f and g, the water tower discussion, up to before 13a and then you want to move 13b down past the Gross Rental Receipts

Tax.

Councilwoman Hudson: Yes.

Seth Thompson: Do you want to have one motion to approve the agenda as amended, including the town to tower.

8. Agenda Approval

Councilwoman Duby: I move that we accept the agenda, as amended.

Councilman Lester: I second that.

Mayor Newlands: We have a motion and a second to accept the agenda as amended. All in favor say aye. Opposed. Motion carried.

9. Presentation and Approval of Minute: August 1, 2011 and August 11, 2011 (Workshop)

Councilwoman Duby: I move that we accept the minutes of August 1 and August 11, 2011.

Vice Mayor Betts: I second that.

Mayor Newlands: We have a motion and a second to approve the minutes of August 1<sup>st</sup> and the workshop of August 11<sup>th</sup>. All in favor say aye. Opposed. Motion carried.

10. Discussion on Written Committee Reports, and,

11. Department Reports: Public Works, Project Coordinator, Code and Police

Vice Mayor Betts: I have a question on that. On the Police Report, there are no figures for August.

Mayor Newlands: This meeting is kind of late, having this meeting. Normally we were going to make all the reports the month prior, so we were doing it the previous two about six months ago we were doing it in the middle of the month, the 20<sup>th</sup>; then we decided to back up and take the month prior to that.

Vice Mayor Betts: So you're just taking it to July and in August we'll have...

Mayor Newlands: Next month you'll have August. We're a little bit late into the month because of the holiday, but generally it takes a little bit of time to create those reports, so we decided to do that.

Vice Mayor Betts: Thank you.

Mayor Newlands: We did have the time, so when we created the report for the Revenue & Expenditure Report, we were able to actually get that one to August 31<sup>st</sup>, so that is the latest figures.

Vice Mayor Betts: I saw a difference, that it included August 31<sup>st</sup>.

Mayor Newlands: Since we were doing the budget, I wanted to be as close as possible with that one.

Vice Mayor Betts: Okay, thank you.

Councilman Lester: Mr. Mayor, in the future, would it be possible to add a report from the Code Enforcer?

Mayor Newlands: The Code Enforcer sure, yes we can do that. We do Robin's

Project Report, but not Code.

Councilman Lester: I mean something that follows what Mr. Davis puts out; tells us what he's done, because I'm not sure...

Councilwoman Hudson: Separate Robin's report from the Code Enforcer's Report.

Mayor Newlands: Actually Robin's report is what's here; the Code Enforcer's Report is not here, so we have to get one. There are some things that he does that are not there. All right, we'll split those out for the next time. Are there any other questions before we go on to the finance report?

12. Finance Report and Revenue/Expenditures Report

Mayor Newlands: We do have a Revenue and Expenditure Report. I will tell you that the property tax number in here; if you look at the report on page 1, it's the third line down. The property tax revenue, that is an incorrect number. It should be somewhere around \$680,000 so far this year and we were doing some adjustments to some farmland and what happened was we were backing out some 2010 and it would up in 2011, so we backed out too much, so it lowered that figure. But the cash in is around \$680,000 some odd dollars.

Councilwoman Duby: So that erases the deficit, right?

Mayor Newlands: Yes. That's actually not a deficit; which deficit are you looking at?

Councilwoman Duby: The \$70,843.

Mayor Newlands: What page are you looking at?

Councilwoman Duby: The same line you're on.

Mayor Newlands: Yes and no. That \$700,000 anticipated, that should have \$660,000. When we did this last year it was put in the budget as \$700,000; we really only bill \$660,000; so it should not have been that high to begin with. It was over inflated last year.

Councilwoman Duby: Okay.

Mayor Newlands: Mr. Lester, did you want to go over anything on this?

Councilman Lester: No, I just want to say, we've managed to get most of the errors out of here; if you see, it is marked for internal use only; so we've got most of the errors corrected. There's still a few. I told Council that on Page 2, there's an item that says refund of prior year's expenditures; that \$8,381 came about by some fluke of the system that was reversing last year's accounts payable; there were some bills that were not paid and/or the invoices were canceled. So we're still trying to figure out exactly how that happened. Other than that, I think we've got most of that... We moved that \$123,000 out of this year's budget, back to where it belonged in 2009; so I think we've got most of the errors, but there are still 1 or 2.

Mayor Newlands: We just found the property tax one a couple of days ago.

Councilman Lester: Yes.

Councilwoman Jones: I have a question. At the last meeting we talked about Mr. Davis was used for snow removal and incurred overtime. That overtime shows up in the Code line. Is that better applied to either Streets and/or the snow removal

may be materials; so I was asking that question?

Councilman Lester: I would agree with you. It would be better placed in Streets.

Mayor Newlands: I'm being informed that not all of that was for the snowstorm; some of it is for some of his meetings; but the amount for the snowstorm, we can put to Streets. We can move that to Streets.

Councilman Lester: We just have to analyze those things as we go along. This is a working process and it gets better every day.

Mayor Newlands: We're getting better at it. The two accounting clerks we have are very attuned to watching for this stuff and they've found things like when you debit Municipal Street Aid checks, it was crediting the money market account. Don't ask why. The background accounting general ledgers were all messed up, so they're looking for every little thing, every time entries are made, they're looking to see where it is posting to. We should be able to generate this report every month going forward.

Councilman Lester: Yes. Every month.

Mayor Newlands: Next month, starting in October, a lot of these accounts that are set up as accrued, are going to be set up as cash basis, so it's much easier for us to manage. Any more comments or questions?

13. Old Business – Discussion and possible vote on the following items:

f. Approve Water Tower Schedule

Mayor Newlands: Scott Hoffman had given presentations that we are severely undersized in our water tower capacity and we do need another water tower; and the State is offering what kind of money to use?

Scott Hoffman: The State, through the SRF process, is offering you a loan which includes 35% principle forgiveness, so basically a third of whatever money you borrow for these improvements is going to be principle forgiveness; in other words, you don't have to pay it back; and, the money that you do borrow will be subject to a 1% interest rate. That's what they're telling us.

Mayor Newlands: And that's for 30 years, correct?

Scott Hoffman: Right. An important thing to note is that this was somewhat based on your 2000 census data, which allowed the town to qualify under what they call their disadvantage criteria; where they're looking at incomes in relation to expenses; and things like that. If you were to go through this process again, I don't know if that's going to happen. That's just something that I want you to be aware of. They made a point of saying that when we met with them.

Councilwoman Duby: Are you saying that because of possible changes in demographics in the 2010 census?

Scott Hoffman: Correct.

Mayor Newlands: She's saying if we went through this again, we may not be classified as disadvantaged; we may not be able to get this kind of money.

Scott Hoffman: Maybe not. I can't say for certain, but I'm just saying that it is a point that they made when we met with them last; that was the first thing that they said. I think we should make sure everyone is aware of that.

Councilwoman DUBY: You said 35%. When we talked about this before, wasn't it 50%?

Scott Hoffman: They had thrown out some numbers, but we didn't get any kind of an official figure from them until we met with them on June 14<sup>th</sup> and that's when they told us it would be 35%.

Mayor Newlands: Georgetown, I think, got 50%; but they have also \$6 or \$8 million they're borrowing.

Scott Hoffman: I'm not sure of the amount of money they're borrowing, but they do have a different demographic for you and they were also farther along in terms of where their project was ready to go. We don't know exactly what rules they follow in determining who gets what percentage of principle forgiveness money. We can find that out, if that's something that you need to know. We've already tried to get more and I don't think it's going to happen; we've already inquired about that.

Councilwoman DUBY: So a third is it.

Scott Hoffman: They gave equivalent amounts to Milton; in terms of percentage; to Milton and other communities that also were in line to get funding. So you were treated fairly, with the exception of Georgetown; who did get more; you were treated the same as the other communities. I guess the first question is, do I need to review the history of any of this or is everybody up to speed on where we're at; before I talk about what we need to do to move forward?

Mayor Newlands: Acknowledgment that everybody's okay with this?

Councilwoman Jones: I would like the quick version, if you're able to do that.

Scott Hoffman: Okay, this is the quick version. We prepared a facilities plan for the town in 2007; a water facilities plan that identified needs that you're going to have moving forward in terms of the water system. And the three current things that we're talking about with this project are a new elevated storage tank; a new water treatment building; and a new well and well field. These are to supplement your existing facilities to handle some of the growth that has happened since that time and to allow the water system to function according to recognized national standards going forward. That was in 2007; there really wasn't a lot of interest to do anything with it. About a year ago, we were asked by the town to put in the application for this funding, to try to find out if they would be eligible to be able to get some kind of funding to pay for this; and we applied to what's called the State Revolving Fund (SRF), which is a program that allows federal money to come down to the state level. Every year the State gets a certain block of money from the federal government and they

dole it out to the communities. So the town's application was approved; you were put on what's called a Funding List; and now we're at the step where we need to decide if the town's going to move forward, in terms of actually committing to spending this money. Now the way that works is up to now, everything has just been kind of planned, in the facilities plan, in a general sense. The Town is looking now for a water tower location and a location for these other facilities. The remaining steps are to refine the preliminary budget number, if we can; before the town needs to commit to this money and because of the way this funding works, in terms of the Town's Charter, this project has to go before the public as a referendum. So what we're going to do is put together a package of information so that everybody will know exactly what's being proposed; how much it's projected to cost; and how the town would propose to pay for the loan over the 20 or 30 years that it's going to take to pay it back. That information will go out and there will be a referendum, basically; where everybody gets to decide; the town residents get to decide whether they want to move forward or not.

Mayor Newlands: And how much undersized are we right now? Do you have that off hand?

Scott Hoffman: In terms of the elevated storage tank, right now you have a total of 225,000 gals. of storage. In terms of what you need, the standard is to have what they call one day's average flow in the air. That amount was 280,000 gals. when we did the study; and in terms of what we call a fire flow reserve; you know water that would be available to the Fire Department, that's based on the types of land use that you have in town. If you have an industry like Dog Fish Head, that's a big potential user of water; that amount is 184,000 gals. So when you add those two together, the storage needed is approximately 464,000 gals. Now Allen's average flow has gone up significantly since this report was done. I think this summer, there was a couple of times, you used 600,000 gals. per day. Is that correct? So at that time, you're turning over the water tower three times in one day. A lot of that is due to irrigation demand in the summertime. So it's not that bad all year round, but I think it's definitely an issue which should be addressed. You have an opportunity to address it now with some significant financial pluses, I would say.

Mayor Newlands: We maintain those towers, they have to get drained; so if we had to maintain or do some work on the large tower, we would only have the little one in Shipbuilder's to rely on. Correct?

Scott Hoffman: Yes, when they repaint the inside of a tower you have to drain the whole thing down. I don't remember; how long does that usually take?

Allen Atkins: [Could not decipher what was said.]

Scott Hoffman: Right. Another thing to note, the water treatment building is down by the marina. Things down there, which were built 20 or 30

years ago, they're out of the flood plain, but I think that in Dover we had no water left on the store shelves; people were buying all of it. I think people recognize the importance of the water system and the safety and the security of the water system.

Councilwoman DUBY: What's the total amount that we're talking about taking out as the loan from the state?

Scott Hoffman: Right now, we have a budgeted figure of \$3.45 million. I had mentioned that we would like to know the location for the water tower, because that could significantly reduce that number. That budget was based on putting the water tower out, I think at the Key Ventures property; and having to run a water main way out there. If we can find a location that's near some of the town's existing infrastructure, near the large water main loop that's in town, then that number can come down, because you're looking at not only having to reduce the cost of installing that; it also reduces every cost related to put the water main at that location; the engineering costs, the inspection costs and everything.

Councilwoman DUBY: So let's play with this figure for right now. We're saying we could borrow that total amount from the State.

Scott Hoffman: Right.

Councilwoman DUBY: They would forgive 35% of principle and then we would pay the remaining principle and all of the interest back over so many years.

Mayor Newlands: 30 years.

Councilwoman DUBY: And that's what the referendum would be.

Scott Hoffman: The maximum loan term is 30 years.

Mayor Newlands: At 1%?

Scott Hoffman: Right. I should have added this. They're also going to wave the origination fee, which is like a closing cost on a mortgage. It's a significant amount of money, because it's a straight percentage off the total cost of your loan.

Councilwoman DUBY: Okay.

Mayor Newlands: So now for tonight, we have to approve the schedules; you had given us two alternatives.

Scott Hoffman: I don't really think it's necessary to approve the schedules; I think that the Council needs to be aware of what the schedules are. The most important thing right now, is the State would like to know the location of where this infrastructure is going to be by November 15<sup>th</sup>. We have been at this for a year and we really need to start seeing if we can narrow that location down.

Mayor Newlands: We don't need to purchase it by then, we just have to have an agreement that we're going to...

Scott Hoffman: It's like a commitment of where the land is going to be. We can run down the schedule. I had sent two alternatives: the State would like to have what's called a binding commitment, which is kind of

like a Letter of Intent from the town by the fourth quarter of this year. So in terms of the fast paced schedule, which we'll call Alternative 1 in your packet. The way that would work is this. We would probably proceed based on the assumption that the project budget is \$3.45 million. And, at the next Council Meeting we would prepare a Resolution for Council that they intend to borrow this amount of money and then provide some additional details. The Resolution would describe exactly what's going on. You have to have a one week public notice period after that; a minimum; so we were looking at the November Council Meeting is when there would be a Public Hearing where all that information that I discussed would come out. What location was assumed; what the loan amounts are; how it's intended to be repaid; etc. At that meeting, you would have a Second Resolution, which would establish the date of the referendum and the soonest you could have that referendum would be in mid-December. We just assumed it would be on a Saturday, December 10<sup>th</sup> or December 17<sup>th</sup>. So that's kind of the fast-paced schedule. We also looked at trying to stretch that out a little bit and you would have the public hearing in December and try to put off the referendum until sometime in January.

Mayor Newlands: So basically moving everything off a month.

Scott Hoffman: Right.

Mayor Newlands: And if at some point in here, we get tired of Number 4, we can still extend that out and go to alternative two, and extend it out another month if we needed to.

Scott Hoffman: Hopefully, we can come up with a tower location by November 15<sup>th</sup>. Right now the State's telling us that's the big issue. In terms of long term schedule for the project...

Councilwoman Duby: Can I go back for just a second? I have just one more question about the schedule. You said, for purposes of this October 3<sup>rd</sup> Resolution, we'd probably be saying \$3.45 million; but by the time we would have the referendum and have the actual Resolution; if we knew where the thing is going to be; we will, because obviously we have to; if we know where that's going to be, then if that figure is adjusted downward, we hope; we would know that by the time of the referendum?

Scott Hoffman: Right. I would much rather stand before these folks with the actual numbers so that they can know exactly what they're looking at.

Mayor Newlands: But it's no more than \$3.45 million?

Scott Hoffman: That's the money that you have available from the State; it's no more than that.

Mayor Newlands: Okay. Aside from land costs, have we estimated how long this... Well, land is going to drive it; like you said, the amount of piping we have to do to get to the system. Okay.

Scott Hoffman: So there really doesn't need to be a decision on the schedule, the things that are coming up that are going to be important are

the first resolution, which could be next month; the Public Hearing; the second resolution and the referendum.

Mayor Newlands: Okay.

g. Approve Water Tower contract with CABA Associates

Mayor Newlands: I passed that out to everybody. Seth looked at this a couple of weeks ago. He's asked for one or two revisions to be made.

Scott Hoffman: And so the Council is aware, what we did was we wrote an Agreement for Engineering Services for the entire project, in which we included the Scope of Work for the entire project, as if it would move forward; and typically the way this kind of project is done, is in phases. Right now we're at the planning phase; design phase; and then construction phase. In terms of fee, we have only included a fee on a time and material basis, which is more or less, on an as needed basis; what the town needs us to do; for only the planning phase scope of work. As I said, the actual costs for engineering and for the remainder of the project, are very dependent on where everything ends up; so we did not include any of those fees and if the referendum doesn't pass, then that really is a moot point. The time and materials fee, which also includes the services of a hydro-geologist that we would use is \$30,000; and, that's a budget figure. We set that up so that amount will not be exceeded during the planning phase of the project. The planning phase essentially ends at the referendum. If the referendum does not pass, then the project is ended; if the referendum does pass, then we would amend this agreement and move forward into the design phase.

Councilwoman Duby: Does part of your planning or your work, regardless of what it comes under, involve giving us some realistic information about consequences of not doing this? I'm thinking in terms of the referendum. I would hope... My own gut feeling and I'm assuming some of the gut feelings of some of the people in this room are OMG, how can we do this, we have no money, we're already in the hole?

Scott Hoffman: I have the same feeling.

Councilwoman Duby: Yes, so what I would like to know for our purposes and I certainly would like the residents who are going to vote on this in the referendum to know; is something like okay, you've given us these numbers about capacity; let's say we don't approve this and we can't go forward with it. What happens when we overuse or have far more need for water than we have water? Exactly what kinds of things are going to happen and then can you provide that to us as part of the package that we can let people have in preparation for the referendum.

Scott Hoffman: The point of our involvement during the planning phase is to answer those kinds of questions for you, so what I would encourage is, I think we're planning on meeting with the Water Committee in a couple of weeks; we usually work through them before we come to Council

Meetings; so any information or specific questions that the Council would like to have answered, I would get those to my office and we can include them; if you decide to authorize this. We would provide that information. For example, one of the things that we would do is look at user rates in the surrounding communities and the user rates here; things like that. We've been doing this for a long time; we know the kinds of questions that are going to come up; alternatives to this proposal and things like that.

Councilwoman Duby: Good.

Scott Hoffman: I would say that we have another client of ours, they went through a similar process; they had a referendum and six people showed up; I don't think that's going to happen here. Since I'm going to be the one that's up here, I want to be prepared to answer as many questions as I can, before I step into this room; so if you can get me that information, that would be the best possible thing.

Vice Mayor Betts: How much land do we need?

Scott Hoffman: I think we said about an acre; the water tower and the water treatment plant and the wells, don't necessarily need to be in the same place.

Mayor Newlands: But they would have to be piped together, if they're not.

Scott Hoffman: Well if you connect them both to the water system, they're essentially piped together. For purposes of this discussion, an acre would be a nice amount of land.

Mayor Newlands: Okay.

Councilman Lester: I just wanted to ask, these grants that are available; or the loans, plus the forgiveness; how often do these block grants come up? If this was to be voted down and we had a problem, can we go back to the State, in say a year from now?

Scott Hoffman: In terms of the principle forgiveness?

Councilman Lester: Right.

Scott Hoffman: I don't know that any of the previous loans that we've assisted the town to get, in terms of large, public works projects since I've been at CUBE Associates, have included a principle forgiveness amount. The most recent ones were a result of the \_\_\_\_\_ funding that the federal government was pushing; so I think that this money is leftover money or something; I don't know the complexities of how they figure out how much grants you receive and those kinds of things. We just kind of probe the State and try to get the information.

Councilwoman Duby: But it's not a common occurrence?

Scott Hoffman: No. It's more common to get grant money if you are in an income disadvantaged area. If you have an area within town where there's a lower income, you can get money for things like sidewalks and stuff like that, through community development block grants; those aren't projects of this size for an entire town, though.

Councilman Lester: So as part of this process, you'll be able to give us

some probability statistically that the water tower is going to collapse.

Scott Hoffman: If the water tower is going to collapse?

Councilman Lester: Or become useless.

Councilwoman DUBY: Or tell us pretty much when we will turn on the faucet and there won't be any water that will come out. That's kind of what I'm thinking.

Scott Hoffman: Well, let's just throw out a hypothetical situation. Let's say Irene was a lot worse than they said it was going to be and it flooded out the water treatment building and flooded out the generator. You essentially would be out of water in 1 or 2 days; until somebody got over there and hooked up a generator to the well; that's why we feel it's necessary to... One of the things we've talked about is constructing this new well field and water treatment building at a different location. So not everything is in one place.

Mayor Newlands: And we have three active wells over there. There are three active wells and we've just put a new pump on one of the wells, at a cost of about \$10,500; but it ran for 17 or 24 years.

Scott Hoffman: Right.

Mayor Newlands: It was good service for the money.

Scott Hoffman: It's not a situation that you want to think about; have an entire town run out of water; and there's nothing that is going to actually protect you from that happening. Basically what we do is we take what are recognized national standards and we apply them to your situation and that's what people use. In an extreme event, there's nothing that you can do. This latest flooding up in New York, I think they shut down 20 something treatment plants along the Susquehanna River. That's an example of the really bad things that can happen.

Mayor Newlands: So this contract is only going to get us through the referendum?

Scott Hoffman: This contract is sufficient money to get the planning phase completely right; through the referendum; and then we would have to revisit it, if the referendum passes.

Mayor Newlands: All right. The money for this comes out of our water funds, so at least the Water Department makes a few dollars. Can we get a motion to approve the contract for CABA Associates for the new water tower; for the design phase?

Councilwoman Hudson: I make a motion to approve the water tower contract with CABA Associates.

Councilman Lester: I second that.

Mayor Newlands: We have a motion and a second to approve the water tower contract with CABA Associates. Let's do a roll call:

Councilwoman Hudson	Yes
Councilwoman Betts	Yes
Councilman Lester	Yes

Councilwoman Jones	Yes
Councilwoman DUBY	Yes
Mayor Newlands	Yes

Mayor Newlands: Motion is carried.

a. Personnel – salary adjustments

Mayor Newlands: I know we don't discuss personnel issues in public, but I left that on there, because it was going to be before the budget for salaries. I had given you all in your packet just proposed increases, if we want to do any. I just put two targets there and this was increases for anyone on the staff more than 4 years.

Councilwoman Hudson: I make a motion that Robin Davis, Allen Atkins, Dustan Russum, James Wilson and Gregory Wingo receive a 2% pay increase; and no one else.

Councilwoman DUBY: I know this presents a logistical problem, but I really think this should be discussed in Executive Session.

Councilwoman Hudson: Well we've talked about pay increases in public before; what we're not discussing is their individual salaries; so we have discussed pay increases pertaining to the budget.

Councilwoman DUBY: We've talked about it in a lump sum. Is there going to be an X% increase across the boards. I think when we start talking about individual employees, it should be done in Executive Session.

Vice Mayor Betts: I agree.

Seth Thompson: It is difficult, in the sense that it almost necessitates, if you're talking about individuals, then discussing qualifications.

Mayor Newlands: The reason I put it ahead of time, was in case we wanted to put a block amount; set aside a number to put into the budget.

Councilwoman DUBY: I think we do have to have it ahead of the vote on the budget, because it will be a factor in the budget, like everything else.

Mayor Newlands: That's why I put in certain individuals with two different target percentages so we can get the totals at the bottom.

Councilwoman Hudson: Well then I will change my motion, if I may. I make a motion that we a lot \$6,000 to be divided among, during Executive Session. It's \$6,000. We can discuss a block amount, um, in public and then in Executive Session you can decide who to give it to.

Mayor Newlands: So is that your motion, \$6,000?

Councilwoman Hudson: Yes. And that's a maximum. It doesn't mean we have to hand it all out, but to me that would be the maximum.

Councilman Lester: I think Council needs to keep in mind that when we look into these numbers, that employees health insurance is going to go up by a fairly substantial amount. If the town's insurance policies went up 19%, so their share of health insurance is going to go up, by a like amount.

Councilwoman Hudson: I would also, keeping in mind that our Sussex

County grant was divided among eight people already; who received \$2,222, along with what I consider to be exorbitant overtime; so there are a number of people who are as I've heard our Mayor mention, are new to the job, who in my mind, would not qualify for a pay raise at this time. We have a number of people who, eight of which who received our Sussex County grant that could have been used for equipment for the safety and security of this town and that went into salary enhancement, so those eight people should not receive anything at all; and that basically leaves only a few people and I think about \$6,000 ought to cover those few that are left.

Mayor Newlands: Is anyone going to make a second? We don't need to, but is anyone going to make a second?

Councilman Lester: Was there a motion to move this to Executive Session?

Mayor Newlands: The individual discussions, yes.

Councilwoman Hudson: Who gets it would be in Executive Session. How much we want to put into this, should be decided here in public, because these people are going to pay it.

Mayor Newlands: So right now we have a motion, without a second, which...

Councilwoman Duby: So the motion was to put \$6,000 in the budget to cover pay raises for 5 individuals. That's the motion?

Mayor Newlands: And that's going to include Social Security, Medicare and Pension, on top of that.

Councilwoman Hudson: You've got 3% here and 5% here.

Councilwoman Duby: Does this include salary? Your figures here in these columns; salary only?

Mayor Newlands: That's their base salary only and on the bottom is what the Social Security, Medicare and Pension would be for the total; that's the town's portion. The town pays that in addition.

Councilwoman Duby: I'm not sure \$6,000 gets you anywhere near what you need.

Mayor Newlands: It does not.

Councilwoman Duby: Which is why I think we need to discuss this in Executive Session.

Councilman Lester: I think so too.

Mayor Newlands: Okay, let's put a motion out there, then.

Councilwoman Duby: I move that we have the discussion about possible salary increases in Executive Session. Does that mean that we go into it now, and if so, do we just go into another room or what do we do?

Because we can't approve the budget, until we make a decision on this, so we're going to have to do it before the end of the meeting.

Mayor Newlands: I would rather do the personnel part at the end of the meeting and when we do the budget, say in addition to the couple of dollars we're going to approve later on for the salary increases. The

budget would be set at whatever figure we set it at, in a few minutes; with the caveat that we're going to add to it whatever the salary increases are going to be. It's the same Council voting on both numbers.

Councilwoman DUBY: No, I understand, but then we will have approved a budget that's not complete.

Mayor Newlands: Right, but then you're going to amend it afterwards, with the amount for the salary increases.

Councilwoman HUDSON: I still think we can decide on a block amount, because there's a finite amount of money if it includes all these other things to be... You've got salary and then Social Security, Medicare and Pension, etc. We have to stop spending money and I think that... You just can't keep saying let's spend, let's spend, let's spend. I'm just saying set it at \$6,000 and divide it however it comes out, whether it has to cover salaries and all these other things; then that's that; at least they're getting some pay raise.

Vice Mayor BETTS: We have a motion on the floor.

Mayor Newlands: And nobody has seconded.

Vice Mayor BETTS: I mean Deanna had a motion also.

Councilwoman JONES: I'll second the motion.

Vice Mayor BETTS: And that's Deanna's right?

Mayor Newlands: Now this is to go into Executive Session or to discuss this in Executive Session?

Councilwoman HUDSON: Well I think we should go into Executive Session only to discuss who gets it; but I think we can set a block amount right here.

Mayor Newlands: We already have a motion and a second to discuss this in Executive Session.

Councilwoman HUDSON: Well I made a motion.

Mayor Newlands: And nobody seconded it.

Vice Mayor BETTS: And nobody seconded it.

Mayor Newlands: All right, we have a motion and a second to discuss this in Executive Session. All in favor say aye. Opposed.

Councilwoman HUDSON: Opposed.

Mayor Newlands: Okay. One in opposition. Motion is carried.

c. Capping the Police force at nine officers

Councilwoman HUDSON: I make a motion to cap the police force at nine officers through attrition, when two officers leave our force, we do not rehire and we cap our force at nine.

Seth Thompson: Just to be clear, I was asked at the last meeting to look into the COPS Grant to see what our responsibilities were under that. You've been approved for the positions, not necessarily the people; so you have a responsibility to continue to have those officers, even if people leave through attrition. Now there is a process by which you can request

that the Grant be modified.

Councilwoman Hudson: Right. And that's the whole thing. The Grant, I believe, needs to be modified anyway, because first of all, it says in here that towns will run out of money, even after this Grant has been approved.

Seth Thompson: That's right, fiscal changes are one of the items you would seemingly request a modification for.

Councilwoman Hudson: Secondly, we could avoid losing this Grant money; first of all we could cap it at nine and then we could lay off number nine and rehire him using the Grant money and that's the way I see it.

Mayor Newlands: I'm not going to jail, if you do it that way. No way. Sorry.

Councilwoman Hudson: Well, the thing is we could cap this at nine, because first of all we don't need the people; as I said the last time, we do not need those people and secondly, we don't have the money. This is the report that the Police Chief turned out last time and produced for everyone and in 2006, when you total all of these up, his numbers, the activities for 2006 were 6,307 and in 2007 they were 5,928; in 2008 down to 4,635 and in 2009 they were down to 3,764; it's continuing to go down. Down at the bottom, he's talking about robberies. There were 3 in 2009; 1 in 2010 and only 1 in 2011. Then he goes into sex cases. 4 cases in 2009; 3 in 2010 and there are none for 2011; I can only assume there's no sex in 2011.

Councilwoman Duby: Perhaps we're talking about taxing the wrong thing.

Councilwoman Hudson: Search warrants: 8 in 2009; down to 1 in 2010; and, up to 4 in 2011; but still that's 50% fewer than they had in 2009. So everything that the Chief has produced demonstrates that the criminal activity has gone down in this town and also, recently, in August of 2011 there was an article in the Journal about Dewey Beach, saying that their numbers are going down and they're very proud of the fact that they're high crime areas. Also, Wilmington, in August of 2011, produced an article in the Journal, saying that they turned down money that was going to be given to them, because they're looking beyond the end of the Grant money. What happens when the Grant money runs out. We're stuck with the whole thing. It looks, as I've said before, coupon looks good when you spend \$25 at Ace to get \$5 off; but you still have to spend money and I'm not a CPA, but I did take elementary economics in sophomore year of college, and it was a very simple principle. If you make \$50, don't spend \$51. So the thing is, we don't have the money and we don't have the need and that's why I think we could cap our police officers at nine, even if we lose the Grant.

Seth Thompson: Just to be clear, I think we might be putting the cart before the horse, otherwise you would probably be voting to be in breach of the Grant; so it probably makes sense to vote to apply for the modification and then once you have that approval, there would no longer

be a concern... The issue at that point would be ripe and you wouldn't be facing a situation where you're potentially taking a vote that effectively violates the Grant.

Mayor Newlands: Also, aren't we imposing a restriction on a future Council; and we're not allowed to do that?

Seth Thompson: Based on your budget process, it probably does make more sense to consider it at that time; but, again, I think we might be getting ahead of ourselves in that the COPS Grant needs to be...

Councilwoman Hudson: If you're saying when an officer resigns or leaves the force, that we decide then not to rehire him; then we can decide now not to rehire him.

Seth Thompson: I'm saying if you don't rehire somebody within a reasonable amount of time, you're not in compliance with the Grant.

Councilwoman Hudson: Right and send in a modification or give it up; we're not going to all be arrested if we don't comply with this Grant.

There's nothing in here, I've read through it; that says that we're going to receive any kind of penalty if we don't use this Grant. We need to modify this thing anyway. To me it's not correct. You've put down officer salary of \$35,000 and yet this report that we've gotten, the starting salary is only \$31,000; so the thing is, all the numbers in here are incorrect anyway; because you're asking for way more money than you actually need and because there's a clause in here about putting in false information. It says January 1, 2011 \_\_\_\_\_ signature and Cliff Newlands signature; saying our base salary was \$35,000 and yet 3 months later in April, we hire 3 of them and their base salary is \$31,000.

Mayor Newlands: That was a target amount back last year.

Councilwoman Hudson: So this is inaccurate anyway, this Grant application.

Mayor Newlands: It became inaccurate after we hired recruits, not experienced officers. I would like to make two points. One is the SussComm report that I gave out to everybody, shows that we in Milton are number 6 in the number of 911 calls. That's the first thing. The second thing, Ms. Hudson in 2009 weren't you the one who recommended to Council that we go from 9 officers to 10 officers, because we were getting too much assistance from the Delaware State Police. Isn't that a fact?

Councilwoman Hudson: You're totally inaccurate. If you would read the minutes, no.

Mayor Newlands: I have read the minutes.

Councilwoman Hudson: What we got was information from our financial director, who has resigned, saying that our transfer taxes were going to go up and that didn't happen. Also, we had information from our Mayor, who said that we were going to get something like \$1.8 million from Tidewater when we gave them the 18 acres of land in Key Ventures; and that has

still, after all these years, never happened. So the whole thing was that Ronda Abraham, when Don Post asked her where the money was going to come from; and I read exactly from the minutes, the last meeting; where's the money going to come from and her response was from the Reserves. So you knew in 2009, back then, it was going to come out of Reserves and the budget last year, that you approved; you knew then that the 11<sup>th</sup> officer was going to come out of Reserves, as well. So we're in the hole for the 10<sup>th</sup> and the 11<sup>th</sup> officer, so you know that.

Mayor Newlands: The 11<sup>th</sup> officer is not coming out of Reserves; it's coming out of the COPS Grant. We're being paid by the Federal Government.

Councilwoman Hudson: Excuse me, but last summer when you made that same statement, Deanna called you on it. The COPS Grant does not cover the entire cost of an officer; it only covers the salary and fringe benefits; it doesn't cover all those belts, the bullets, the uniforms, uniform cleaning, the car; everything that you need to equip an officer to put him on the street and it's all that extra expense that is not covered and this Grant is just part of the 11<sup>th</sup> officer; it doesn't even cover the entire expense of the 10<sup>th</sup> officer, or the remaining amount for the 11<sup>th</sup> officer.

Mayor Newlands: We can save the money or get the money for the extra officer, by not hiring a Town Clerk; there's one option that we do have. We have a Town Clerk's position open and that's about \$62,000.

Councilwoman Hudson: We need a Town Clerk. We need a Town Clerk.

Councilwoman Duby: Can I ask a procedural question of Mr. Thompson. My concern in this, before I ever even get to the substance and I think I probably tend to agree with the things Councilwoman Hudson is saying about the substance of this issue; however, my concern is our legal position vice vie this contract. If we went to the Fed's or whoever it is we go to for the COPS Grant poobah and said we have severe financial difficulties; we've determined that one of the only ways that we can help solve these is to cut back our Police Department; so therefore, we understand that we would no longer be in compliance with the terms of this Grant. We request a modification. What would we be asking? Would we be saying we can no longer afford a 10 member police force; thereby accepting your Grant to get an 11<sup>th</sup> officer; however, we believe that we can exist on a 9 member police force. We would like to modify the terms of the Grant and have you pay for the 9<sup>th</sup> officer and we'll pay for 8. Is that what we would be asking?

Seth Thompson: That's correct. You would basically be applying and saying that the Town, due to financial issues can't sustain that size of a force; however, we would like you to modify the Grant so that rather than using it for our 11<sup>th</sup> officer, we would use it for our 10<sup>th</sup> officer.

Councilwoman Duby: No Captain Cornwell at the last workshop, made the point that our financial situation overall is not that different from what

it was when we got the Grant. I'm assuming that if that's the case, they would look at that and say we don't really see a basis for the modification and if they came back to us and said that, then are we bound to stay at 10 and have the 11<sup>th</sup> and be in violation? What is our legal situation, at that point?

Seth Thompson: Right now, you're already bound to stay at the 11. I think it's fairly straightforward in that the contract provides a specific clause that you could use to hopefully correct the problem. That clause is in there for this very situation.

Councilwoman DUBY: Yes and that's the way I read the contract. My question is, and you probably don't know the answer to this, because we don't know how that system works; but what would the consequence of that action be if we applied for the modification and didn't get it?

Seth Thompson: I think at that point the contract remains what it is today. You're know better, but you're no worse. I don't know how they would judge the modifications. The contract doesn't lay out the standard by which the modification would be judged.

Mayor Newlands: It also says, I believe, that you have to be in severe distress.

Seth Thompson: It does.

Councilwoman HUDSON: I believe we are. And I would like to respond to your comment about the SussComm; this is 2010, and the numbers going across for Milton total 2,313 and again that approximates the complaints that the Chief put on here, 2,303. Again, you're just providing basically this same number that the Police Chief has already provided right here and it just coincides with everything that he's saying; that while we may have been in 2010 the sixth one receiving these calls; we're getting fewer calls every year. I still maintain the motion...

Mayor Newlands: The point I'm making is that we're getting the sixth highest number of calls; where we have a smaller police force than Lewes and Lewes is getting about 1,000 less calls than we get.

Councilwoman HUDSON: And we're dealing with them and they're going down and down and down and Dewey's are going down; and Wilmington did not accept the money that I'm saying that we can live without, because it's cheaper not to use the Grant and we can still have a safe community; because of the numbers supplied by the Chief.

Chief Phillips: Councilwoman Hudson, if I could, please. Just to let you know Councilwoman Hudson; you weren't here the day when I said that, but part of the reason for getting this Grant was we had to go through an application thing where we filled out our stats, through DELJIS, which is the State Bureau of Investigation thing; they're the ones that picked us to get the money; we just applied like everybody else did. Our numbers and crimes were high enough that they believed that we needed an eleventh person and that's where we are today; just to let everybody know.

Councilwoman Hudson: No, we decided we needed the 11<sup>th</sup> officer, because the Council took a vote.

Chief Phillips: Right, but we did not get approved by the Council; we got approved by the Fed's, because our stats were high enough; more than most; because other towns did not get this.

Councilwoman Hudson: But that doesn't mean we need to keep this Grant money.

Chief Phillips: That's why we got the money Ma'am, just because our stats were so high.

Councilwoman Hudson: The stats were high enough to qualify for the Grant; it doesn't mean that we're overwhelmed with crime; and also, it does allow for modifications due to fiscal distress, constraints and the agency must change the hiring category; from new hires, to rehires, to prevent lay offs; so I'm saying you can use the Grant for the ninth officer.

Captain Cornwell: Unfortunately, you weren't here at the last meeting that we had last week.

Councilwoman Hudson: The budget workshop.

Captain Cornwell: Yes, the budget workshop; and I explained that when we were given the okay to go forward with this Grant by Council, we ran a \$400,000+ budget deficit and we had over \$1 million in the bank. We have a \$297,000 budget deficit, which is less than last year and about \$1 million in the bank; so I kind of it hard where you're going to find a hardship; plus, when you look at the..

Councilwoman Hudson: Tell these people when we want to put taxes on these people; you tell them we don't have a hardship.

Captain Cornwell: Excuse me, excuse me, excuse me. I'm trying to get this out. We're talking about the Federal Government. I mean, you can apply for it, that's fine. But when you're better off than you were last year, when we were given the okay to apply for it; I kind of find it hard to believe it's a hardship; but you can apply for it. That's no problem. That's up to you; but the thing is, we're better off than we were last year. It's not better, but when you look at it as far as deficit, the time to decide was last year; not this year.

Councilwoman Hudson: Do you pay taxes in this town?

Captain Cornwell: I'm sorry, but I have been injured; I've bled for these people here.

Councilwoman Hudson: I'm sorry, but we're deciding a budget thing here. Please don't.

Captain Cornwell: That's fine. I've been hurt here. I've protected people here. The police officer's are my extended family here; the other people that work for this town. So it goes a long way whether you take care of your people. That's what people look at.

Councilwoman Hudson: I understand the blue line, because I wore a uniform, as well.

Captain Cornwell: And another thing, because I'm not finished yet, is when you started adding up the columns for each year showing that it was an increase or a decrease; you're not doing it properly.

Councilwoman Hudson: I can add.

Captain Cornwell: Somebody doing it... Yes, you can add, but when you do statistics, you don't look at adding all of the statistics up; you look at burglaries from each year across; you look at robberies from each year across; you look at how many complaints each year across; and then you look at tickets each year across, the warnings and such. What you're doing is you're taking each year and adding all those up and going down below. If you have 8 people that are working, then you're obviously going to have less tickets than when you had 10 people working. So you're numbers are going to fluctuate, but the way you're doing it is the wrong way and not the way that the industry does it. The industry looks at burglaries across the board, robberies, rapes, stuff like that. But what you're doing is not across the board in the way it's done. You're basically skewing the numbers to prove your point.

Councilwoman Hudson: Captain I had a doctoral level course in statistics. I understand how to do statistics. So the whole point is we can't afford it and I don't think we need it and the Chief's number show that.

Councilwoman Jones: I have a question with a motion on the table. Are you advising that we would be in a better position to make a motion at this time to modify the Grant, as written; before we make a vote to reduce the police force to nine officers?

Seth Thompson: There's a specific procedure within the Grant itself to address the issue. I think that's what makes sense, that if you're going to do that, you might as well do it so you're in compliance with the contract. I think the other thing it is important to understand is if you vote to do this, you need to tell the Federal Government right away, because otherwise, if you're accepting money and the status has changed, there are repercussions. You might be barred from other programs where you receive federal aid; there are serious repercussions. I think it odd to vote to violate a contract, if there's a provision where you can modify the contract, potentially. I can't obviously guarantee the result.

Councilwoman Jones: So we've had this idea or notion on the table now for six weeks; has there been any contact made with the Federal Government at the COPS Grant to pave the way of how this will be accepted or looked at?

Mayor Newlands: No there hasn't. At this time, there hasn't. No.

Councilwoman Hudson: Well until we had this discussion; because we didn't have much discussion last time, well there was some, but my question is Seth, as you said they should be notified right away. I don't see any problem with the Mayor or someone in the Town Hall sending a letter to the Fed's right away and that would take care of that problem; to

let them know that we would need to reduce our police force according to their own words; “financial distress”, which I believe we have. And, the other thing is if we need two motions, then I also make a motion that we modify the Grant.

Seth Thompson: Again, I just want to make sure I understand what they are that are being suggested. If the Council approves submitting the modification request, you're in compliance with the Grant.

Councilwoman Hudson: Right.

Seth Thompson: Again, they might deny it, they might allow it. I suppose you then made a motion to freeze the police force, contingent upon the COPS Grant approving the modification; it just needs to be clear.

Councilwoman Hudson: I don't see where it needs to be a contingent. The thing is we just say thanks, but no thanks.

Councilwoman Duby: I don't think it's that simple and I have some concerns; again, Councilwoman, not with the substance of your argument about the size of the police force; I don't think I disagree with you on that; but I have some concerns about our legal position and of our doing something by simply voting to reduce the Police Department at this point, that that puts us in jeopardy. I would much rather see us pass a motion that authorizes the Mayor or our Council or whoever, wherever it comes from; to contact the COPS Grant and request a modification and if you want us to, we can put something in there that says and contingent upon a positive response to that request, reducing the police force; but I just have some concerns legally about taking a vote to reduce the force, because I do disagree with you. I don't think we are in a position where we can say thanks, but no thanks. We can get ourselves into that position by requesting this modification; but I don't think we can do it now without jeopardizing our position with the Federal Government and I would hate to have that affect any federal grants in the future.

Councilwoman Hudson: Well can we also inquire if we could...

Georgetown laid off an officer and then rehired him; using a grant; that was in the newspaper as well. Could we ask for a modification because of our financial situation to use the COPS Grant for the 9<sup>th</sup> officer?

Seth Thompson: I think, in effect, what you would be doing.

Councilwoman Duby: That's what our request would be.

Councilwoman Hudson: Right. Yes. Right.

Seth Thompson: Because that way you could keep the money, assuming they approve it; but you keep receiving the money, but then you have the reduction in force and you didn't violate the Grant.

Councilwoman Hudson: Right and to substantiate that, we send them a copy of our budget and show them just how deep in the hole we are.

Seth Thompson: I think there's definitely a level of fiscal danger that the town is in.

Councilwoman Hudson: Thank you.

Seth Thompson: I mean, talk about fiscal distress. I think Milton is there.

Councilwoman Hudson: Thank you.

Councilwoman Jones: So do you care to modify your motion?

Councilwoman Hudson: Seth, if you might help me. I would like to modify a motion to ask the Mayor to rewrite the COPS Grant and request a modification to use the COPS Grant to rehire the ninth officer. We could lay off the ninth officer and then rehire him. I know we hired three at one time and just basically take the one with the lowest scores. There's going to be three coming out of Cadet School at exactly the same time; and just take one of them and tell him he's going to be laid off and then be rehired with the COPS Grant.

Mayor Newlands: You would be laying off three officers total; and rehiring one.

Councilwoman Hudson: Well rehiring one so we keep it at nine. That way we still get to use the COPS Grant.

Mayor Newlands: Right, but you would be laying off three officers and I don't know how long it would take, I guess, for us to put the person back on.

Councilwoman Hudson: We would have it in our budget to pay the ninth officer and then when we got the grant, that would basically reimburse us for our costs.

Councilwoman Jones: But let me make clear that laying off is the last people in are the first people out. That's different than attrition.

Mayor Newlands: That's correct.

Councilwoman Jones: Attrition is what the motion is for. It has nothing to do with lay offs, because I got calls about that this week at my job; that they had heard from Milton Police Officers that we were going to be laying off the officers that we had just put in the Academy and how foolish that was, because we had paid to have them in the Academy; and I tried to straighten that out to tell the difference between lay offs and attrition. We are talking about as people leave, attrition?

Councilwoman Hudson: Let me state the Grant this way. I ask that the Town request a modification of the COPS Grant to lay off the ninth officer and use the COPS Grant to rehire him; and then through attrition, not hire back a 10<sup>th</sup> and 11<sup>th</sup> officer; so you have everything in there.

Councilwoman Duby: That's not attrition.

Mayor Newlands: That doesn't make sense. That's not attrition.

Councilwoman Duby: Attrition is when they leave, we don't replace them. That's different than laying them off.

Councilwoman Hudson: Right, so when the 10<sup>th</sup> and 11<sup>th</sup> officers leave, we do not hire someone else. All right, it's not rigged, we do not hire new officers.

Councilwoman Duby: I think the request for modification would have to say, if we're talking about attrition, would have to say that because of our

fiscal situation, we can no longer afford an eleven member police force, as we had stated in the original Grant. Now we would like to get to the point where we have a nine person force, but we plan to get there by attrition. Now that may take awhile.

Mayor Newlands: But I don't know if we can do that and force another Council to have a nine member police force.

Seth Thompson: It would already be modifying the contract that is in place; but again, as I mentioned earlier, it is important too that you go through the budget process when it comes to the police force, as well.

Councilwoman Hudson: Well I disagree with Cliff saying that we're putting conditions on a future Council, when we freeze hiring, which we have done, which was on the Internet back in 2008; that we froze the police force, we were basically putting conditions on any future Council, because Council Members come and go. So if you can freeze a police force, which you've done in the past, which is precedent, then basically when I'm saying capping; I'm saying freezing and we have done that before.

Mayor Newlands: But not through attrition; you're doing it through attrition and it affects a future Council. Somebody may not leave for two years. So it affects a future Council.

Councilwoman Hudson: I believe we can do that.

Seth Thompson: I guess part of the problem is that there's a level of speculation because it could be tomorrow; in terms of attrition.

Councilwoman Hudson: Yes, it could be tomorrow.

Councilwoman Duby: And it could be two years from now.

Mayor Newlands: So there's no immediate relief to the budget, at all by doing it through attrition.

Councilwoman Hudson: There's nothing to prevent a future Council from voting to hire people to fill those 10<sup>th</sup> and 11<sup>th</sup> spots; so you're not putting any chains on a future Council. Because the vote we take tonight can be revoted on at a future time.

Seth Thompson: I think the important thing is you would actually be removing a shackle, so to speak, in terms of, if indeed the modification is granted, then you're going to have flexibility under the COPS Grant, that you don't currently have.

Mayor Newlands: But, still again, if we're doing it through attrition; there's no immediate savings on the budget. There's no immediate savings whatsoever.

Councilwoman Duby: No, not if it is through attrition. No.

Councilwoman Hudson: No, there isn't any immediate savings, but as you say, somebody could quit tomorrow; so then what happens is, you will have savings; we don't know when somebody could leave the force, but the point is we will be saving some time down the line. You take a look at these right here, since 2009, this officer list that you gave us, since 2009

we have 1, 2, 3, 4, 5 that are still here and the rest are gone. We've had a turnover and just to show that it could happen in the future, at any time. Maybe it would be tomorrow. So I think we should... That's why I think we should go ahead with requesting a modification and then cap our force at nine, with attrition and not replace the 10<sup>th</sup> and 11<sup>th</sup> officer when they leave the force.

Seth Thompson: So just so I understand, you would be making a motion to apply for a modification, whereby the town would reduce it's force to nine officers through attrition.

Councilwoman Hudson: Right. And also, to request a modification of this Grant to use it for the 9<sup>th</sup> officer.

Councilwoman DUBY: Assuming that during the course of the Grant, there is a reduction.

Mayor Newlands: Exactly.

Seth Thompson: At some point it will be used for the 10<sup>th</sup> officer.

Mayor Newlands: This is all a show, it's not money to the budget, this is just a show.

Councilwoman Hudson: It will be money, because you can just about bet that somebody will be people leaving the force.

Mayor Newlands: When somebody actually leaves, it will be. But right now, this is just show; that's all it is, it's a show right now. This is not real money.

Councilwoman Hudson: Well it's either that or lay them off and I don't want to lay them off; but you know that we have a turnover on the force; we've lost Hamlet and a number of others; Glacier gone, and so there have been a number of officers that have gone and a number of them will leave in the future.

Mayor Newlands: And we also have a Town Clerk spot that we don't have to hire for and that's \$62,000.

Councilwoman Hudson: Yes we need a Town Clerk.

Mayor Newlands: We do not need a Town Clerk at this time.

Councilwoman Hudson: Well if you just use Robin as the Town Clerk.

Councilwoman DUBY: How many jobs does that mean Robin is handling?

Vice Mayor Betts: He can do it.

Councilwoman Jones: Now I understand that if the Grant comes back not able to be renegotiated, this attrition, this two man reduction by attrition, is also on the table.

Mayor Newlands: If they refuse to modify the Grant, we lose the money if we lay people off and even if people go through attrition, we lose that money.

Seth Thompson: And you don't rehire, right.

Mayor Newlands: Correct.

Councilwoman Hudson: We will eventually still come out ahead, because if we don't fill those spots, we'll come out ahead, even if we lose the

Grant.

Councilwoman DUBY: We wouldn't money wise, but I'm concerned about the positions.

Councilwoman HUDSON: But if you explain it up front to them, what our financial distress is; because it says right here in the modification, that due to "financial distress and constraints, the Agency must change the hiring category." So they understand that things happen.

Mayor NEWLANDS: But attrition is not going to buy you anything to approve this budget with.

Councilwoman HUDSON: Down the line it will.

Mayor NEWLANDS: But you're approving the budget tonight.

Councilwoman HUDSON: Right.

Mayor NEWLANDS: And attrition is not buying you a dime for the next budget.

Councilwoman JONES: That feels sort of binding, in that we aren't free therefore to lay off two individuals, since that will not bind the next Council after April of next year; as well as it would then put us in a possible breach with the Fed's on the contract we have, so that's not an option open to us at this moment to have an instant reduction. So the only way to come after this line item, would be to make the application at the reduction of the Grant; the modification of the Grant and the two positions held with. Are we clear?

Seth THOMPSON: Basically it would put you in a position that you might save money later.

Councilwoman HUDSON: Yes, that's what we're hoping.

Councilwoman JONES: I second the motion.

Councilwoman HUDSON: Thank you.

Mayor NEWLANDS: Okay so we have a motion and a second to ask the Fed's to pay for the 9<sup>th</sup> officer through attrition; so we may get this money in 2 or 3 year; we may start saving some money.

Councilman LESTER: I'm really not clear. We have to have the 11 officers to maintain this Grant?

Mayor NEWLANDS: That's correct. It was a COPS hiring program.

Councilman LESTER: So now we're going to go back and ask them to give us the money and allow us to keep the level at nine officers.

Mayor NEWLANDS: Actually we're looking to trim the police officers and hire the 9<sup>th</sup> one back and have them pay for the 9<sup>th</sup> one; so we would have 8 police officers on the budget and one on the hiring program, according to this.

Councilman LESTER: It's a little convoluted to me.

Mayor NEWLANDS: You may be saving the salary of 3 officers over the next 3 years. Maybe.

Councilwoman HUDSON: Yes.

Mayor NEWLANDS: That's not a budget decision I'm willing to make

tonight.

Councilwoman Duby: Well it is essentially not a budget decision. It's a decision to request the modification.

Mayor Newlands: Any further discussion? Let's do a roll call:

Councilwoman Hudson	Yes
Councilwoman Betts	Yes, due to the modification of the Grant
Councilman Lester	No
Councilwoman Jones	Yes, due to overwhelming public sentiment.
Councilwoman Duby	Yes
Mayor Newlands	No

Mayor Newlands: Motion is carried.

d. Property Tax increase options

Mayor Newlands: I gave out the same sheet that I had given out during the budget workshop with the different percentages. Right now we bill out \$661,000 and we're just owed about \$27,000-\$28,000 right now in property taxes, so most of this money is coming in. We have people who have been coming in and paying us property taxes that they've owed us since 2006, so a 10% increase in property tax gets us about \$66,000. As we were talking about before, new homes coming on line; new homes really generate around \$600-\$700 in property tax, so we do 10 or 20 homes in a year, or 20 homes in a year; it's really not going to net you that much money, so if we're thinking that additional building is going to generate a lot of money for the town with the property taxes in the near term, that's not going to happen. We had about a \$291,000 deficit before on the budget; we're adding about \$19,000 of that, on top of that, for the new health insurance increases we just got, so that's a substantial increase, so that deficit is going in the wrong direction right now.

Councilwoman Jones: Does this put us over \$300,000+ right now?

Mayor Newlands: Yes. I passed out this one sheet, the municipal tax rate comparison. I didn't have time to fill it out. On the Milton side, if you put an average assessment would be \$267,934; that is Milton's average assessed value; then the average tax bill would be \$482.28; that's just to give you a comparison. Gene Dvornick, it was on the Georgetown website. Gene Dvornick did this as part of the Georgetown budget. The Towns that are in gray are the ones that he surveyed to get the assessment figures for. So we're not out of line with the other towns. If you look at Georgetown there mil rate is \$2.93; ours is \$0.18. You can't compare them because their average assessed value is \$14,000; so you really can't use that as a comparison. It's 50% of the 1974 value. So that's why their mil rate has to be so high. Every three years they've raised taxes in

Georgetown. I don't know what Lewes has been, but Lewes has been doing it every couple of year, as well.

Councilman Lester: If we use the 20%, using that \$267,000 basis, if we use the 20% increase, which goes up \$3.06 per 100, the average bill would go up about \$79 a year.

Councilwoman Duby: With a 20% increase?

Councilman Lester: With a 20% increase. I don't think there's been an increase for a number of years.

Mayor Newlands: Since 2003.

Councilman Lester: So we've been living off of reserves.

Vice Mayor Betts: Some hadn't had any increase, because when it was reassessed they got the increase also. And some were decreased.

Mayor Newlands: That's correct, but we can't keep taking money out of reserves.

Vice Mayor Betts: No, I'm not saying that, but I'm saying there was an increase.

Councilwoman Jones: I find the subject on deciding on a percentage of property tax, again challenging at this point, when I, for one, and I've heard from an awful lot of people that they believe that this budget still needs to be cut.

Mayor Newlands: We spent 2-1/2 hours at your request, last Wednesday night and we added \$1,000 to the budget.

Councilwoman Jones: That was your assessment. I think that I managed to reduce the deficit, though you were not on board with my suggestions. So procedurally that may yet come to a line by line vote, on certain items on the budget. Again, I'm back to square one, which is it very hard to assess what we need to have pick up money to cover the deficit, when I'm not convinced that this deficit is locked in.

Mayor Newlands: Well, we have almost \$300,000 in a deficit, if you look at 20% that will bring us in about \$132,000; you still have a lot of room to cut. I think we need to do the 20%.

Councilwoman Duby: We had talked the other night about the possibility of doing a two-step increase and doing an increase and then another increase the next year. I don't remember. Were we saying a 20% increase doing 10% this year and 10% next? Is that what we were discussing? I don't really remember.

Mayor Newlands: We had multiples. I don't remember either, to be honest with you.

Councilman Lester: I thought we had at least talked about a 20% for this year.

Councilwoman Duby: So maybe 20% this year and maybe 10% the next.

Councilman Lester: The fact that we pass a budget, with a given set of numbers, doesn't mean we can't pare it and scrutinize it as we go along; because I think absolutely, that's what we have to do now, so that the

books are clean to the point where we can sit down with the department heads; at least once a month or maybe twice a month with the staff, and go over all the budget items. Because it's in the budget, we're not the Federal Government, because it's there, we don't have to spend it.

Councilwoman Hudson: Thank you. That was the whole thing about not firing an officer, but allowing attrition; the thing is that whenever one officer leaves the force, I would expect the Council to all sit down and then just condense the budget; shrink it down; and as another one leaves the force, sit down and shrink it down again and there's absolutely no reason to leave this budget as it is if and when, two officers leave the force. I would expect us to do that and revise the budget.

Councilman Lester: That would be prudent to look at it as we go along.

Councilwoman Duby: I also think that the point is well taken that if we're talking about, and it sounds as if we are, a possible 20% increase in property tax, which you said is about \$79 for the average taxpayer; that only gives us \$132,000 and so we're still... If we were to do that right now and then when we get to the budget, go through and find some other places based on Councilwoman Jones' proposals last time or others; that still gives us plenty of room. We're not saying we have a \$291,000 deficit, so we're going to raise property taxes to the tune of \$291,000.

Mayor Newlands: No, we're not saying that.

Councilwoman Duby: So that gives us that room. I'm comfortable with going ahead and doing that, at this point.

Vice Mayor Betts: I think there's a lot of room for adjustments also, because I talked with Robin today in regard to the licenses. And I sat down, after I talked to Robin and he said there were only 32 business licenses that had paid this year. And they didn't have a master sheet from the other years. It's hard for me to see why they would not have a master sheet, that they could go back and collect those rental license and the business license fees. Just sitting down, according to the sheet that he gave me, there were only 32, I have about 60 on there that were not even picked up. It's hard for me to believe that we don't have a master sheet from prior years that have paid and if they have not paid, why haven't we been after them?

Councilwoman Duby: And the list is not even based on payment in prior years, some have never paid; but some listed every business in town.

Vice Mayor Betts: That's what I'm saying. And it's just hard for me to sit down and ask for an increase in taxes and rental license gross receipts, when we haven't been collecting what we could have been collecting.

Mayor Newlands: Ms. Betts, we do start with a baseline for the prior year. In January, we send out letters, based on the last year's...

Vice Mayor Betts: Robin told me today and Robin, if I'm wrong, I know what you said. You said there was no base list; that you did not know and I asked why didn't we have a master sheet and you said you only had the

ones that had paid this year. There should be a master sheet, I feel, and maybe I'm wrong; but I feel that there should be a master sheet each year, recheck it and if someone has sold a property and someone else has purchased it and gone into business, then it should be changed. I have a problem with that.

Councilwoman DUBY: We should be going through down, not just depending on who paid us last year, because there may be a lot of people who didn't pay us last year, but going through town and seeing every single business in town and making sure they're licensed.

Vice Mayor BETTS: Exactly. Exactly. Because I did sit down and myself, I picked up 30 some odd.

Robin DAVIS: As I was speaking to Vice Mayor Betts, that's what was our discussion. As Councilwoman Jones knows, we are going through, she was given a list for the Economic Development, what was done we went through all the commercial zone properties; all the light industrial zoned properties; all the town center properties; and we added the residential properties that had businesses. Now we have a base line of all the businesses that are in town. It's not saying whether they have a rental license or a business license; active businesses in town, I don't know the number off the top of my head; but there are, as I was telling Vice Mayor Betts, there are some that do not have business licenses by the current sheet that we have. As of right now, we are working to try to combine that. I have Craig Mills the Code Enforcement Officer; we are going through all that as we are the residential rentals; trying to match up who has a current license, compared to who is actually renting; but that all started this year with our base line group of what we have and that's just started this year. What happened in the past, I cannot determine that, I cannot say; but we're trying to start somewhere now.

Vice Mayor BETTS: It may be, but I just want to ask one other thing. When you made this sheet up for the commercial businesses, did you not know that there were a lot more businesses in town than this?

Robin DAVIS: Like I said, I just take the information that came from the checklist software; when a commercial business or residential; we're talking more rentals, because the business license also has businesses that are not in town, that are not physically located in town, but are actually doing business; so we're more dealing with the rentals.

Vice Mayor BETTS: When we talked today, it was business licenses? Right?

Robin DAVIS: The list you have is rentals.

Vice Mayor BETTS: Well we talked about business license today.

Robin DAVIS: No, I was trying to say rental; because that's the thing; because the 32 rentals...

Vice Mayor BETTS: But even some of these that I went back...

Robin DAVIS: That's true and as I told you, yes; there were some that I

noticed once we did print it out.

Vice Mayor Betts: Quite a few.

Robin Davis: There were some that are on there that just stuck out right from the beginning.

Vice Mayor Betts: But I do think we should have a master sheet and with the computers the way we have them today, I don't think it would be too much trouble to keep a master sheet year to year.

Robin Davis: We have that now; for this year and next year what will have to happen is... As I was talking to Councilwoman Jones, the list that was given to her a month or so ago, some of the businesses have already changed. Wings To Go is no longer in business in town and they were on the list just a month or a month and a half ago.

Councilwoman Hudson: Well isn't that what our Code Enforcer's job is to do, is to drive around this town and make sure that these things are getting done?

Robin Davis: Correct and that is what Craig is doing right now. Craig is making sure to keep up with that.

Councilwoman Hudson: And updating this list and keeping a master list?

Robin Davis: Correct. Yes. Craig started at the end of May and other than keeping up with cutting the grass; now this is a big thing, because of the Gross Rental Receipts Tax.

Vice Mayor Betts: And it is very important.

Robin Davis: Yes it is.

Vice Mayor Betts: I don't think we can add rental receipt tax, when we don't even have the numbers for the businesses yet.

Robin Davis: If you are going to tax one business, you need to tax all businesses.

Vice Mayor Betts: Exactly.

Councilwoman Duby: But you're talking about two different issues here. We're talking about rental receipts.

Vice Mayor Betts: Right.

Councilwoman Duby: That's not what I'm talking about. I'm talking about business licenses. We should have a constant list of every single business in town and if Wings To Go goes out of business, we cross them off the list and if somebody else comes in and opens one, we add them to the list; but we have a constant list and we make sure every day that everybody who is doing business in town is licensed. That seems to be a pretty basic thing.

Vice Mayor Betts: And paying their business license.

Councilwoman Duby: Yes. The rental issue is another one altogether.

Mayor Newlands: The total of all that gets you about \$75,000 a year, in revenue.

Vice Mayor Betts: Every little bit helps.

Mayor Newlands: I know. What I'm getting to is if you add 6 or 8

businesses, you're not going to generate the kind of money that's going to save you 20% in property tax.

Councilwoman Duby: We understand that, but we need to be doing that.

Vice Mayor Betts: Over the years... We should be doing that.

Mayor Newlands: We are doing that. We are doing that. And we do have the list of people's homes where their bills go other places, so we can match that to see if they're having a second home or having a rental. We are doing all that.

Councilman Lester: It's heartening to see the Council taking charge, at last. This was never done before.

Mayor Newlands: All right, so where are we with property tax increases?

Councilman Lester: Does this need a motion?

Councilwoman Duby: I move we increase property taxes by 20%.

Seth Thompson: So approving the mil rate to \$0.2160?

Councilman Lester: Yes. I second that motion.

Mayor Newlands: We have a motion and a second to increase property taxes by 20%, with a mil rate of \$0.2160. Is there any further discussion?

Councilwoman Jones: Is there any wiggle room on this providing we successfully drop the deficit any more?

Mayor Newlands: Actually, no, because we need to build our reserves up.

Councilwoman Duby: I don't see us reducing the deficit by, what would it take, just under \$200,000. You're not going to find \$200,000.

Mayor Newlands: I was trying to give her the benefit of the doubt. That's all. I was giving her a challenge.

Councilwoman Hudson: If we're having a discussion, this tax rate may be too low, because potentially we don't know if the Gross Rental Receipts Tax is going to pass; or how much we're going to charge for that. So because we need to talk about both of them at the same time and basically work out the math on both at the same time and then vote for one at a time; because just a hypothetical situation, if the Gross Rental Receipts Tax does not pass, then all we're going to have from the 20% is an extra \$132,000; we're going to have to cut \$200,000 from the budget.

Councilwoman Duby: We would have to do that anyway because the Gross Rental Receipts Tax, even if it passed would only give us 25% this year; so we're going to be in the hole, no matter what. The only solution would be to institute a 50% property tax increase, which I don't think is fair to anybody; so I think we're going to have to deal with taking some money out of Reserves this year. I don't think there's any alternative.

Mayor Newlands: That's correct. I think we need to make it incremental, like we talked about. It may be 20% this year and 5% next year or 10% next year. We don't know.

Councilwoman Duby: But I think an average increase for each taxpayer of under \$100 is, I don't think, outrageous. I'm raising the taxes on myself. I don't want to pay more money either. But I don't think we have an option

at this point, and if what Councilman Lester says is true, that this averages out to about \$79 a year for everybody, to get us \$132,233 that doesn't have to come out of Reserves, is a partial, fair solution to this; and it is unlike the Gross Rental Receipts Tax; it doesn't take one category of people and tax them; it's across the board, we're all drinking the same Kool Aid, I guess.

Councilwoman Hudson: Well if the motion hasn't been seconded, then I second it.

Mayor Newlands: It has been seconded. We're doing a roll call now:

Councilwoman Hudson	Yes
Councilwoman Betts	Yes
Councilman Lester	Yes
Councilwoman Jones	Yes
Councilwoman DUBY	Yes
Mayor Newlands	Yes

Mayor Newlands: Motion is passed.

e. Gross Rental Receipts Tax (Residential and Commercial)

Mayor Newlands: We know there's a couple of issues and we're working quite hard to try and get compliance with just getting the rental fees down and getting the list; but if we don't do this and have a starting point, we're not going to be perfect at it the first year; but if we don't have a starting point with it, we're going to be missing a chance at some revenue that we desperately need to fulfill our budget.

Councilwoman DUBY: Mr. Mayor, I have several different problems with this. The first one is if I were sitting on the Town Council of Fenwick or Bethany or any of those communities, where there are huge amounts of vacation rentals; if they didn't already have a Gross Rental Receipts Tax, I would enthusiastically vote for this. I think it's an ideal revenue generator for those communities, because they have huge income from rents during the season. Those houses rent for huge amounts. But we're not in that kind of community. The rentals that we have in this town, are by and large for fairly low income people. The landlord's aren't making a lot of money off of it. To the degree that they would try to pass it through, which is the way this ought to work, the people are so poor, they're probably having trouble now getting rent from folks and they're certainly not going to be able to increase it and keep renters in their property; so I just don't think that our community is one like those. If you look at the list of the places that have it in this community, they're the folks like Fenwick and Bethany and Ocean View and Rehoboth, that have all these vacation rentals. Secondly, I looked at the list, and I think the point that Mr. Radke made earlier is a very, very valid one; you're talking about the vast majority of rentals on that list of almost 300, being Luther Towers, Milton

Landing, Park Royal; those aren't \$1,000 a month. You based your figures on 300 rentals at an average of \$1,000 a month. We don't have anywhere near that. And, I also am swayed by the fact that the communities, like Dover and like Wilmington that have instituted this, or have either chosen not to do it or are actually withdrawing it, because they find it impossible to manage and impossible to coordinate in a fair way.

Mayor Newlands: I couldn't find anything on the web about Wilmington or Dover, trying to pass this and failing to pass this. So I don't know where the information came from and I actually asked Mr. Radke if he could tell us where he got the information from...

Lester Radke: Someone here at the meeting said that Dover had just tried to pass the tax and they had some problems. It failed. It was a workshop.

Mayor Newlands: I have tried all kinds of resources and I haven't found either Dover or Wilmington.

Unidentified Speaker: It was in the newspapers.

Mayor Newlands: It was?

Councilwoman Duby: I've heard from three different people that Wilmington had withdrawn theirs because they could manage it.

Mayor Newlands: Wilmington is a huge city.

Councilwoman Duby: Well I understand that, but they are more like us than these beach communities are; not in size, by any means; but in the kinds of rentals that they have. They don't have huge beach houses that rent for \$1,000 or more a week; they have people living year round in rentals and in many cases, poor people, who can't afford to buy properties and so on. So I just have a lot of concern about this and finally, I think it is, as many people have said to us during public participation; this is singling out one category of people in this town; and frankly, I'm going to be very honest, again, if I lived in one of these beach communities and the group of people that we were singling out were incredibly wealth people with beach houses that they were renting for \$1,000, \$2,000, \$3,000 a week; I would have a little less trouble singling them out. I'll be honest with you. I do have trouble singling out people in Milton who own rental properties and are renting them to by and large, lower income people who need housing and who don't have the ability to pass this through, really to their tenants. I've just got some real problems with it and I believe every word you say, that we have got to find a new revenue source. I'm crossing my fingers that this new Town Manager that we've hired, who has a reputation for being a great grant getter; is going to find us a little more revenue here and there; I'm just not ready to take the step to do this Gross Rental Receipts Tax.

Mayor Newlands: I had somebody call me today about a rental in Cannery Village where the police and fire had been there 11 times in one year and they wanted me to institute a fee for every time the police went to a dwelling, over 4 times in one year; a \$500 fine; every time; because this

one house the police had gone to 11 times.

Vice Mayor Betts: But that's not fair to the ones that are good tenants and are trying to make a living honestly.

Mayor Newlands: I understand.

Councilwoman Duby: Frankly, that's a place where somebody needs to be evicted.

Vice Mayor Betts: That's right.

Mayor Newlands: They have moved.

Councilwoman Jones: The comment that concerned me the most, and I don't know if there's been any follow up; was at the August 16<sup>th</sup> meeting, when a young man stood and talked about Gross Rental Receipts Tax on a townhouse he owned here. He talked about that most of the beach resort towns that were noted as having Gross Rental Receipts Tax, provide attractions for their renters. He felt that too few landlords would be paying the bill to cover the deficit; taxing a silent voice, landlords without a vote and above all, he could calculate out that his Gross Rental Receipts Taxes could end up being larger than his property taxes; at which time you did tell him you would look into that. There had to be some way to cap that. So, I think now that you have linked; or someone suggestion now to link the commercial rentals with Gross Rental Receipts Tax; I think as far as Economic Development, it is a nail in the coffin; for businesses. For homeowner's, who are passing it through and yes, they can take it off of their taxes, I don't know that the renters are in a position to withstand the added burden this year, even though the homeowner's will probably pass through the tax increase to that renter, as well. I just don't see where the town of Milton by majority of the public voice that has come to speak about it; I have had only one person in favor of it. Only one and I'll reiterate the reasoning; believing that it would be a way for that property owner to take better care and to maintain that home. The opposite side of that coin would also be that that property either goes up for sale, because they can't rent it or it sits vacant; which is probably even worse than having a For Sale sign on it. And, again, I've made a statement in public, that's been recorded in the minutes, I applaud you for looking for income. It certainly is something that needs to be pursued. However, tying it, particularly to the business community now, I would have to say I'm opposed.

Seth Thompson: Councilwoman Jones, I just did want to point out, I'm sure everybody read the draft that's currently in your packet reflects both commercial and residential.

Councilwoman Duby: Yes, and I agree on the issue of commercial. We've struggled for years on the Economic Development front in this town, by the fact that rents are so high; commercial rents are so high, that businesses, particularly small businesses just simply can't afford it.

Landlord's, commercial landlord's, have not gone down in those rents that

I know of, or if they have, it's only been recently in the economic hard times, but I know that businesses and because business owner's have talked to me, are struggling to pay those rents and so I think if we impose this Gross Rental Receipts Tax on commercial entities, I agree with my colleague, that it's the nail in the coffin of Economic Development; which is pretty moribund as it is.

Councilwoman Jones: Will you entertain a motion?

Mayor Newlands: Sure. 1% each?

Councilwoman Jones: I make a motion that under the issue of Gross Rental Receipts Tax; I don't know if I want to say to table it to a further date; after the budget has been passed; the deficit has been clearly identified; the tax rate for property owners has been clearly defined; or whether I want to make the motion to just simply vote it down at this time. I think I want to make a motion to vote it down at this time.

Councilwoman Hudson: I second that.

Mayor Newlands: We have a motion and a second to vote the Gross Rental Receipts Tax down, a source of revenue that we need.

Seth Thompson: We need any Council Members that are more directly affected by this, to recuse themselves; so again, unlike property taxes, which applies to everybody; this is one that can have a larger impact.

Councilman Lester: I will recuse myself.

Vice Mayor Betts: I will recuse myself.

Mayor Newlands: Roll call vote:

Councilwoman Hudson	Yes, I vote to vote this down at this time.
Councilwoman Jones	Yes, I agree to Gross Rental Receipts Tax subject of residential and commercial down at this time.
Councilwoman Duby	Yes on the motion to vote it down.
Mayor Newlands	No.

Mayor Newlands: Motion carries.

b. Adopt Fiscal Year 2012 Budget

Councilwoman Hudson: I make a motion to table the budget until we've had one more workshop on this and really, seriously cut this budget down.

Seth Thompson: Just to be clear, it has to be voted on before the beginning of the fiscal year, which is...

Councilwoman Hudson: Yes, before the end of the month.

Councilwoman Duby: And if we vote to table it, does that satisfy the requirement that we vote on the budget after the Public Hearing?

Councilwoman Hudson: Or can we just vote no on at this time and have

a...

Mayor Newlands: We voted no last year.

Vice Mayor Betts: We can vote no, can't we?

Councilwoman Hudson: All right, then I withdraw my motion.

Councilwoman DUBY: We can vote to table it too. I just want to make sure that whatever vote we take...

Vice Mayor Betts: But it has to be done before...

Mayor Newlands: It just says you have to vote on the budget; it doesn't say what the motion has to be, right?

Seth Thompson: That's correct. And technically it says at the next Town Council meeting.

Mayor Newlands: Which actually we missed, because it was the longest one and we kind of missed that one.

Councilwoman DUBY: No, the Public Hearing was after the August one.

Vice Mayor Betts: Yeah.

Mayor Newlands: We had one. It's passed. We can still vote to table it, right?

Seth Thompson: But again it does have to be... You have to pass your budget by the end of the month.

Vice Mayor Betts: By the end of the month.

Councilwoman Hudson: Right and that's happened before where we've gone to the end of the month, so; I make the motion to table it until we've had another workshop to seriously cut this budget.

Councilwoman Jones: Second.

Mayor Newlands: We have a motion and a second to table the budget until after the next workshop.

Councilwoman Jones: Discussion? I have a question.

Mayor Newlands: Sure.

Councilwoman Jones: Procedurally, the workshop appears to be only the Council's participation, like we went through the other night. That allows no other time then for public discussion or public comment? Is that correct?

Mayor Newlands: That's correct.

Vice Mayor Betts: Can't we open it to the public?

Councilwoman DUBY: Public participation at the beginning of it.

Councilwoman Hudson: There have been times when we've had the workshops open to public participation.

Seth Thompson: That's right and again, there's no limitation; the town uses the term workshop, but under FOIA and under State law, there's not a defined term for that. If you wanted to accept public comment, again, the law requires that you do it at least once, but there isn't some cap as to how often you can do that.

Mayor Newlands: But it's not a hearing, though, the same as we had last time.

Seth Thompson: Right. You wouldn't have to put up a notice. You could just put on the agenda public comment.

Vice Mayor Betts: Participation.

Councilwoman Hudson: Comment.

Mayor Newlands: So we have a motion and a second to table the budget until after the next workshop. We'll do a roll call vote:

Councilwoman Hudson	Yes
Councilwoman Betts	Yes
Councilman Lester	Yes
Councilwoman Jones	Yes
Councilwoman Duby	Yes
Mayor Newlands	Yes

Mayor Newlands: Motion is passed.

9. New Business – Discussion and possible vote on the following items:

- a. Appoint Land Acquisition Committee for new water tower

Mayor Newlands: In your packets I handed out, it says that Emory West, Dennis Hughes, Jack Bushy, and Allen Atkins have all requested to be on that committee.

Councilwoman Duby: After what we've heard tonight, are they going to be available a lot in the next month or so, because they're going to have a big quick job on their hands.

Mayor Newlands: They've casually started looking for a place.

Councilwoman Hudson: I make a motion that we accept them for the Committee.

Councilwoman Duby: I second that motion Mr. Mayor.

Mayor Newlands: We have a motion and a second to accept Emory West, Dennis Hughes, Jack Bushy, and Allen Atkins as the land acquisition committee for the water tower. All in favor say aye. Opposed. Motion is carried.

- b. Conclude the Town Manager Recommending Committee

Councilwoman Hudson: I make a motion that we conclude the Town Manager Recommending Committee.

Councilman Lester: I second that motion.

Mayor Newlands: We have a motion and a second to conclude the Town Manager Recommending Committee. Any discussion? All in favor say aye. Opposed. Motion carried.

- c. Adopt Resolution adopting an All Hazard Mitigation Plan

Mayor Newlands: This is something that was done two years ago by the prior Mayor and Council, but..

Allen Atkins: This was done back when Jack Bushy was Mayor. It was

way back there. What really happened was at the time, none of the Council signed the resolution; actually it was just the Mayor and the Town Clerk at that time. They're just updating their files. This is a non-binding thing for us, money wise. If they have any federal money that becomes available for any of this, we have an option to get it, which is like 75% cost for them and 25% for us.

Mayor Newlands: But the items on the Mitigation Plan are for fencing around our water treatment tower and treatment plant; similar suggestions getting some additional generators, things like that. This is their recommendations and we could do some of these projects, if they got money; we're not required to. But this is the Water Department's recommendations for things they would like to see us do. There are no requirements here.

Councilwoman Duby: I move approval of the Resolution adopting an All Hazard Mitigation Plan.

Councilwoman Hudson: Second.

Mayor Newlands: We have a motion and a second to approve adopting the All Hazard Mitigation Plan. All in favor say aye. Opposed. Motion is carried. We need to all sign this later.

d. Update Fee Schedule

Mayor Newlands: I apologize, I gave you the wrong fee schedule in your packets. I handed out a new fee schedule tonight. On the bottom it should have handwriting on it. That's the good one. I gave you the one the public sees, which is inappropriate. About the 4<sup>th</sup> item down on here, we need to change the boat dock rental fees, so we'll just have to adopt what was approved by Council. So there's really no vote there, we just have to update that. As you go to the middle, and you see where the little whole was in the paper from the binder, that's got the water meter charges. It says actual cost, plus 2%; and that really is not much cushion; the Water Department would like that to be 10% and those meters cost about \$400 or \$500.

Allen Atkins: They're up to about \$280.

Mayor Newlands: Oh \$280; so 2% for a handling fee was really not that much.

Allen Atkins: The pit and the meter and the lid, it's close to \$500.

Mayor Newlands: Okay.

Councilwoman Duby: Okay, so 10% for all three of those?

Vice Mayor Betts: It would increase 10% for each one.

Seth Thompson: It would increase to 10%; go from 2%, up to 10%.

Vice Mayor Betts: How about the ones that said...

Seth Thompson: There's the 1", 1-1/2" and 2".

Vice Mayor Betts: Yeah, so that would still be...

Seth Thompson: All of them would change to 10%.

Vice Mayor Betts: 10.

Seth Thompson: At least that's the request, currently.

Robin Davis: If I may. In the past, the original fee schedule that the Mayor handed out that says October 1, 2008; if you look at the figures for a 1" meter, 2" meters or 1-1/2"; that was a set amount. The 1" meter is \$625; it didn't have any type of percentage or actual cost plus percentage. The problem we're having is the price of meters and the pits and lids, and everything; can sometimes go up once a month. What this does, is it makes us have to really keep tabs on all this stuff; if you just put a flat rate in there and kind of maybe at the beginning of the fiscal year you make a little more, but at the end, if something has gone up 10%, you just build in a flat cost and it just saves from every time a meter goes up; a certain type of meter goes up; you have to keep tabs on it and then it has to be adjusted. By doing an actual cost plus a 2% or a 10% administrative cost, puts you at a disadvantage because you have to just keep up on that actual cost. That's what we're getting at right now. Sometimes if a meter goes up at the beginning of next month, if we don't get the bill until the end of the month, if we've been charging meters only 2%, we only make like \$3 on a meter; we've actually lost money. So it's almost better to just put a flat rate in there and kind of get a feel of we're not trying to make a killing on it, but it just covers through the whole year.

Councilwoman Duby: And so we're asking for actual cost, so if it goes up we're covered and then we put the fee on top of that.

Mayor Newlands: How many meters do you keep on hand?

Allen Atkins: We actually keep probably a dozen meters on hand, or so; mostly 1" or 3/4" is what we have; the bigger meters, we have a couple around, but we usually order those when we need them.

Mayor Newlands: I don't like doing it that way, only because; either way we do it; whether it be that way or with the percentages, you've got to keep track of what your inventory is and what you bought them at. I'm wondering if we just do a flat fee on top of the meter cost, of \$50, for argument sake and say, for every meter we're adding \$50 to it, so it's actual cost, plus \$50 for handling.

Councilwoman Duby: Rather than a percentage?

Mayor Newlands: Yes, because he has to keep track of how we bought them... I guess in any case, you have to keep track of how much you bought them for.

Councilwoman Duby: I assume you would in inventory anyway, wouldn't you?

Allen Atkins: We just keep them on inventory. We \_\_\_\_\_ about the cost when we do the inventory.

Councilwoman Jones: It can't be just 10% added to whatever the cost is this week or next? A floating thing, no matter when it is.

Mayor Newlands: That's what I originally put in.

Robin Davis: You have to just keep tabs on the actual cost.

Mayor Newlands: I think in any case you do.

Robin Davis: When it was only 2%, it was very hard; because we could get behind, like you said. You could get a meter at the beginning of the month; not adjust it until the end of the month, when the bill comes in and already lose money. And actually there's no section in there for a 3/4" or 5/8" meter. So we need to add another.

Mayor Newlands: It's just really adding it in at actual cost, plus 10%, so we would just put it in.

Councilwoman DUBY: It won't change what we vote, in terms of the \_\_\_\_\_. You could just add that.

Robin Davis: It's just going to be another line item.

Mayor Newlands: So I'm recommending that this go from 2% to 10%; all three items and the fourth item he's putting in.

Seth Thompson: Did you say 3/4" and 5/8"?

Robin Davis: It's actually a 3/4"/5/8" meter, is what it really is. It's kind of confusing for people.

Mayor Newlands: So we'll be adding in one additional meter.

Councilwoman DUBY: And any other changes?.

Mayor Newlands: The trash on the bottom; that would change to \$58.74 a quarter.

Vice Mayor Betts: Where?

Mayor Newlands: The little box on the bottom that has utility rates.

Vice Mayor Betts: Oh, okay. And it's how much?

Mayor Newlands: \$58.74 per quarter. We could make it \$59.

Councilwoman HUDSON: Do we want to talk about increasing the rental license fees?

Mayor Newlands: We could do that, sure.

Vice Mayor Betts: I thought you had to leave it as it was.

Mayor Newlands: The licensing fee, they don't get charged that until January. Licensing fees get charged in January. So if we're not going to have a Gross Rental Receipts Tax, that's one thing that Georgetown did; they didn't have a Gross Rental Receipts Tax, so they made their rental licensing fees, they raised those. So we can raise that up to...

Councilwoman HUDSON: At one time we had the commercial at \$250 and reduced it down to \$125.

Mayor Newlands: Right.

Unidentified Speaker: Is that the ones from the list, or the actual businesses?

Seth Thompson: Commercial here is listed at \$125.

Councilwoman DUBY: Hopefully that will soon be the same.

Mayor Newlands: Yes.

Councilwoman HUDSON: Hopefully the same. Does anybody have any suggestions?

Vice Mayor Betts: I think it should stay the same.

Mayor Newlands: I just want to entertain that one item right now, the rental licenses; it's really not going to get you a lot of money

Councilwoman DUBY: Are you talking about both residential and commercial going up?

Vice Mayor Betts: It should. If you bring one up, you should bring both up.

Mayor Newlands: Yes, I think we should bring them both up.

Vice Mayor Betts: I think it should stay the same; it's not going to make that much.

Mayor Newlands: Well we're looking to generate revenue, so...

Vice Mayor Betts: When you get a list of the correct people and how many you have, you're going to make a difference.

Mayor Newlands: We're not going to make that much of a difference.

Vice Mayor Betts: No, then you're not going to make that much more for an added fee either.

Councilwoman Hudson: Well if it's just the residential and you have about 300 of them, and hypothetically if you raised it to \$150, 300 times \$150 would bring in \$45,000; it's a little bit more. Or just put it up to \$100 or something; but that hasn't gone up, either of these haven't gone up in a while.

Mayor Newlands: No, they haven't.

Councilwoman Hudson: We actually had cut commercial in half.

Mayor Newlands: I think it went up from \$125 to \$250, then it got halved the following year.

Councilman Lester: I think the rentals went up.

Vice Mayor Betts: The rent did go up; it went from \$50 to \$75.

Mayor Newlands: You two guys can't talk about that.

Vice Mayor Betts: I know. But we can discuss it.

Mayor Newlands: No you can't.

Vice Mayor Betts: We're not voting on it.

Mayor Newlands: You can't discuss it actually.

Seth Thompson: Right.

Mayor Newlands: You can't discuss it. Sorry. I think maybe we should increase both of them by \$25.

Councilwoman DUBY: I agree.

Mayor Newlands: What's the consensus?

Councilwoman DUBY: So \$100 and \$150.

Mayor Newlands: Yes.

Councilwoman DUBY: Do we need to do these separately or can I make a motion to accept the revised?

Mayor Newlands: Let's just list them and then I think accepting the revised would be fine.

Seth Thompson: Then again the boat dock rental would have been revised.

Mayor Newlands: Be revised according to whatever the schedule was.

Councilwoman DUBY: We revised that.

Seth Thompson: Right.

Mayor Newlands: Because we have to put that schedule in here; it's a little lengthy.

Councilwoman DUBY: I move that we accept the revised fee schedule showing changes in the boat dock rental, water meter fees, rental licenses for both residential and commercial and trash rates.

Mayor Newlands: You have to list the amounts.

Councilwoman DUBY: Water meter costs go to actual plus 10% in every case; rental license goes from \$75 to \$100 for residential and \$125 to \$150 for commercial; trash goes from \$44 to \$59; and that's all.

Seth Thompson: You'll need a second.

Councilwoman HUDSON: Second.

Mayor Newlands: We have a motion and a second to modify our fee schedule.

Councilwoman JONES: Question.

Mayor Newlands: Sure.

Councilwoman JONES: Under reconnection fees, water turn off and water turn on; Allen is that always done during business hours?

Allen Atkins: Yes.

Councilwoman JONES: So that if you have somebody who has paid their bill, you wouldn't come out at 7:00 at night to turn their water back on?

Allen Atkins: **[Unintelligible]**

Councilwoman JONES: Okay. The reason I'm thinking is, once that crosses over into, if it were policy to do it late at night, or to do something, it's barely worth the call out of the man doing it at \$50.

Mayor Newlands: We're not going to turn anybody's...

Councilwoman JONES: It's a daytime thing.

Mayor Newlands: It's a daytime thing. Because these are delinquent water bills that we're turning them off for, we're not turning off for emergencies. For emergencies they come out for anyway and we don't charge for the emergencies.

Councilwoman JONES: No, no, I mean specifically coming out to turn something on after somebody had paid their bill. If you were coming out after regular hours, it would be very expensive for the worker.

Mayor Newlands: If somebody walks into the office to pay a bill, he gets called immediately. Allen gets called immediately, because we want to get there before their shift ends; and if somebody comes in after 4:00 and these guys are gone, actually we have called some of them back, but we don't charge extra for that; because we're opened until 5:00.

Allen Atkins: We normally have somebody stay between 4:00 to 5:00, during that period of time; and give them time off for another day.

Mayor Newlands: It's generally a one week period where we go through

turning off and turning back on. We generally turn off in the morning and get a check by noon and then turn it on by 2:00. Everybody's calling our bluff, that we're not going to do it. Okay we have a motion and a second to adopt the fee schedule. All in favor say aye. Opposed.

Vice Mayor Betts: I recuse myself.

Councilman Lester: I recuse myself.

Seth Thompson: So again, the record reflects that Vice Mayor Betts and Councilman Lester recuse themselves.

Mayor Newlands: Motion is carried.

Councilwoman Jones: And even though that carried under the Annexation Fee, we're still turning that over to the new Town Manager; is that the understanding?

Mayor Newlands: Yes.

- e. Appoint new member to the Streets and Sidewalks Committee

Mayor Newlands: That was Ronda Abraham. Can we get a quick approval?

Vice Mayor Betts: I make a motion to appoint Ronda Abraham to the Streets and Sidewalks Committee.

Councilwoman Hudson: I second that motion.

Mayor Newlands: We have a motion and a second to appoint Ronda Abraham to the Streets and Sidewalks Committee. All in favor say aye. Opposed. Motion is carried.

- f. Approve waiver request of permit fee for Milton Cemetery Corp. repair work

Mayor Newlands: We traditionally give churches and some organizations, waivers on their permit fee; so it's about \$70 some odd dollars; we traditionally give the non-profits a waiver on their permit. This is an accident that happened. One of the guys from Tidewater went into the cemetery, with a back hoe and didn't realize how high the back hoe was and took out the archway in the cemetery. So they rebuilt it and had to get a permit for that.

Councilwoman Hudson: So my question is, why isn't Tidewater paying the \$75 for the permit fee? It's not like they don't have the money.

Mayor Newlands: I don't know how that's getting paid.

Councilwoman Hudson: It was their truck that did the damage?

Mayor Newlands: Yes.

Councilwoman Hudson: So why does Milton Cemetery Corp. have to come up with \$75.

Mayor Newlands: I'm not sure if Tidewater is paying it or their insurance company is paying it. I'm not sure how it's done.

Councilwoman Hudson: So we shouldn't have to waive it if the insurance company or Tidewater are paying it.

Robin Davis: I'm not sure and I don't want to pass on any bad information, but the last I heard, is I think the cemetery group was told that they would have to go through their insurance company and then fight it out with Tidewater's insurance company. Tidewater was going to pay directly.

Councilwoman Hudson: Well then somewhere down the road then the Milton Cemetery Corp. should get it back.

Robin Davis: Yes, probably.

Mayor Newlands: We don't know. We really don't know.

Councilwoman DUBY: Well then should we table this until we find out?

Councilwoman Hudson: Yes, that would be an excellent idea until the insurance company let's us know who's responsible. If we're going to get \$75 out of it, from an insurance company or from Tidewater, we would like to have it.

Mayor Newlands: Okay.

Seth Thompson: I think that will hold up the process, as long as you guys are okay with that, because they're going to need that permit before they fix it.

Mayor Newlands: We've already given them the permit. They're done. We're not holding them up for the fee.

Seth Thompson: All right. Good.

Allen Atkins: What is your final decision?

Mayor Newlands: We're tabling it until the next meeting.

Councilwoman Hudson: They'll still get a permit. They're not going to hold up the paperwork.

Bob Miller, Superintendent of the Milton Cemetery Corp.: I've already got the permit. Can I address the Council? There's two of us that volunteered to take care of it; Marshall Reynolds and I; and it's a non-paying proposition; so the cemetery doesn't have the money; the facility either, to pay these extra bills that come along; they're scraping now because of the stock market, we lost most of our stock and we're working from one grave opening and one sale to another to keep our mowing paid. So when I asked for the building permit, they asked if I would come before you and ask for a waiver; so I did, as I'm here tonight. I know it happened by Tidewater, but I got everything through the insurance; but the permit and I didn't realize that there was a permit that had to be done until it was passed. So when I went down they said it was a \$73 permit. So they said why don't you go to the Council and ask them, so that's why I'm here this evening to ask that you waive the permit fees to our cemetery.

Councilwoman Hudson: Bob is there any way you can call Jerry Esposito and ask him to give you \$73?

Bob Miller: Everything was in the insurance and they paid the insurance very well to the mason contractor and to the arch contractor. I hadn't allowed for the permit, because I wasn't aware of it. So that's the case in this case.

Vice Mayor Betts: Bob, what it is, is you just didn't know about the permit in order to turn it in to the insurance.

Bob Miller: I was just replacing it, if you know what I mean. I went down and asked them and they said no, you have to have a permit to replace it. So then that's why I'm here.

Vice Mayor Betts: But that wasn't included in your insurance?

Bob Miller: No that wasn't included.

Vice Mayor Betts: I make a motion to waive it.

Councilwoman Duby: Second.

Mayor Newlands: We have a motion and a second to waive the permit fee for Milton Cemetery. All in favor say aye. Opposed. Motion is carried.

Bob Miller: Are there any other questions on it?

Mayor Newlands: No. We're done.

- g. Accept streets and improvements for Wagamon's West Shores

Mayor Newlands: Mr. Lester and I are not allowed to vote on this for Wagamon's West Shores; but I will ask that you put in one stipulation to the motion, and that's that there are certain trees within the development that were planted last year, as part of our requirement and there's a number of trees, somewhere around 30 or 40 trees that need to be replaced; so when we accept the streets and improvements and the reason we're doing it now, is because their bond expires at the end of September, so the motion needs to have a stipulation that the tree replacement be completed by September 30<sup>th</sup>; or the bond be called, in order to cover the cost of the trees.

Councilwoman Duby: But everything else has been done?

Mayor Newlands: Yes.

Vice Mayor Betts: That's what I wanted to know. Is everything complete?

Seth Thompson: They turned over all of their Release of Liens; they turned over the Deed and all of that; but this was just...

Vice Mayor Betts: The streets and sidewalks and everything is done. Finished.

Seth Thompson: Right. We just have this bond.

Vice Mayor Betts: I knew it was coming due, but I just want to be sure that there's nothing out there that needs to be done.

Seth Thompson: Correct.

Robin Davis: Yes, it's been almost a year. The bond that is currently out there, the developer agreed to put up a maintenance bond on the landscaping out there; and any things that did happen to the Streets and Sidewalks out there.

Vice Mayor Betts: So he does have a maintenance bond?

Robin Davis: He has a maintenance bond; it's a small percentage. All the work that was done out there on the streets and all that stuff, it was all dedicated, the Deed was done and all the liens were taken care of. The

only thing left is this little maintenance bond, that's left. The Council never formally adopted the motion or made a motion to accept the streets.

Seth Thompson: And then the improvements would, I gather, include the trees. Robin are they in the right-of-way?

Robin Davis: Most of the trees are actually around the storm pond and around the edge of the property.

Vice Mayor Betts: You want them replaced or you want them cut down or you want them...

Mayor Newlands: There's about 30 or 40 that need to be replaced. They're required to be there and they put them in and they died. Actually, they put them in dead.

Councilwoman Hudson: I remember those trees. They were not watered. So if we put in 30 trees, are we going to have the manpower to water them or are they going to die too?

Vice Mayor Betts: That should be done by the homeowner's, shouldn't it?

Mayor Newlands: In some cases, there are no homeowner's there. But they should put collars around them. I know I'm not supposed to be discussing this.

Councilwoman Hudson: They should have done that to start with, and they wouldn't have to be replaced; because it's such a waste of our money.

Mayor Newlands: We told them. It's not our money, it's their money; right now it's the developer's money.

Councilwoman Hudson: Okay, the developer's money.

Vice Mayor Betts: But if they die again, it's not going to be the town's fault. Right? I mean, we're not going to have to send our maintenance people out?

Councilwoman Duby: We're not going to have to go out there and water the trees, right, if we make this motion?

Vice Mayor Betts: But I mean, it shouldn't be up to the Town.

Robin Davis: The Homeowner's Association has to maintain these. It's nothing the town is going to be taking over.

Councilwoman Hudson: Oh good.

Vice Mayor Betts: So we won't have to replace them if they die.

Councilwoman Jones: Did CAFE Associates provide the same kind of letter to you as they did on the Preserve on the Broadkill?

Robin Davis: Yes.

Councilwoman Jones: I didn't get a copy of it or I missed it.

Robin Davis: It was last year, that's why. We're kind of playing catch up with all the paperwork or the actual motion to finalize everything.

Councilwoman Jones: Okay.

Seth Thompson: Has the developer been informed of the dead trees?

Mayor Newlands: Yes. A number of times.

Councilwoman Duby: I suspect he's had a number of calls. I move that we accept the streets and improvements for Wagon's West Shores,

contingent upon the replacement of the trees that were planted last year, died and now need to be replaced.

Seth Thompson: Is there a second?

Councilwoman Hudson: I second.

Seth Thompson: Then roll call; because Ms. Hudson if we could start with you:

Councilwoman Hudson	Yes
Councilwoman Betts	Yes
Councilman Lester	I abstain
Councilwoman Jones	Yes
Councilwoman Duby	Yes
Mayor Newlands	I abstain

Seth Thompson: Motion is passed.

- h. Accept streets and improvements for Preserve on the Broadkill Phase I  
Mayor Newlands: We don't have anything for the meeting itself. It was going to be delivered to us today; so Robin will read off all of the documentation that he has.

Vice Mayor Betts: And everything has been... The problem they had was corrected on the streets?

Mayor Newlands: Yes it was.

Robin Davis: Yes, as in the letter that was sent to the Mayor by Bob Kerr from CABE Associates on June 14, 2011; CABE Associates has been performing periodic inspections on the construction of the Preserve on the Broadkill Phase I. Basically all the work has been completed. The construction improvements dedication of the streets, can now be accepted by the Mayor and Council. The following items should be completed prior to the final acceptance by Mayor and Council:

1. Approval from the Sewer Conservation District. We do have that letter.
2. The developer must prepare and deliver to the Town, a deed for each street to be dedicated. That has been done. It's been review by our Town Solicitor.
3. A satisfactory Release of Liens must be submitted to the town. Mr. Blayney has submitted that to me. There are four contractors that are on there that have signed off on the Release of Liens.
4. The Town Solicitor shall have a title search performed to verify that the property is to be transferred by Deed; so the Town is free of all encumbrances and liens. That has been done and approved by the Town Solicitor.

Seth Thompson: Correct.

Robin Davis: And we also have a check here from Mr. Blayne for all the finalized work done by our engineer and payments.

Mayor Newlands: What about the payment for the title search? You've got that too?

Robin Davis: I did talk to the Town Solicitor and the fee that Mr. Blayne and I talked about this morning, that is correct and Mr. Blayne said that would be paid once we found the figure out.

Councilwoman DUBY: Mr. Mayor, I move acceptance of the streets and improvements for Preserve on the Broadkill Phase I.

Councilwoman Hudson: Second.

Mayor Newlands: We have a motion and a second to accept the streets and improvements for Preserve on the Broadkill Phase I. Any discussion?

We'll take a roll call:

Councilwoman Hudson	Yes
Councilwoman Betts	Yes
Councilman Lester	Yes
Councilwoman Jones	Yes
Councilwoman DUBY	Yes
Mayor Newlands	Yes

Mayor Newlands: Motion is passed.

- i. Approve closed loop geothermal system at 313 Walnut Street

Mayor Newlands: I'm going to introduce these two items (Items i. and j.) only for educational purposes. There's three types of geothermal systems. Two of them are closed loop. One closed loop system needs a huge field in order to lay piping out. A second set of closed loop, which we just found out about... Actually it could go straight down into the aquifer and it doesn't use any water. The closed loop system has a chemical in it, that is your refrigerant that's used to help cool and heat, so those pipes get filled once and then they run through the aquifer to try and get the temperature controlled. So what Item 14, i. and I'll do that one first and that's for a geothermal system at 313 Walnut Street and you have the letter in there from Doug and Corey Marshall-Steele. That's a closed loop system. They don't need a field, because they have a sandy soil there. DNREC is requiring that we approve this, even though it is closed loop; because DNREC gets involved anytime anything goes through the aquifer. So that's the only reason we get involved and at some point in the future, I would like to be able to just have Robin be able to approve these, because DNREC's the one that really controls this.

Councilwoman Hudson: Is DNREC concerned because of the potential for a leak? Is that it?

Mayor Newlands: They just want to know, anytime anybody is going through the aquifer.

Councilwoman Hudson: Okay.

Vice Mayor Betts: Do they have to have a permit?

Mayor Newlands: Yes. They're required to get our permission, because DNREC won't give them their permission until we sign off on it.

Vice Mayor Betts: So we get a fee for that also, is that right? No fee.

Mayor Newlands: No.

Councilwoman DUBY: I move approval of the request for a closed loop geothermal system at 313 Walnut Street.

Councilwoman Hudson: I'll second it.

Mayor Newlands: We have a motion and a second to approve the closed loop geothermal system at 313 Walnut Street. All in favor say aye.

Opposed. Motion is carried.

- j. Approve private well for open loop geothermal system at 107 Heritage Boulevard

Mayor Newlands: The next is for a private well for a house under construction at 107 Heritage Boulevard in Heritage Creek. That's an open loop system. That's where you're taking water out of one well and putting it back down another well. So there is a need for... You're going to have well digging at that point. It's only used for the heating system.

Councilwoman Hudson: We already have precedent for private wells for these.

Mayor Newlands: For these, yes.

Councilwoman Hudson: I make a motion to approve the private well for the open loop geothermal system at 107 Heritage Boulevard.

Councilwoman DUBY: Second.

Mayor Newlands: We have a motion and a second to approve the private well for an open loop geothermal system at 107 Heritage Boulevard. All in favor say aye. Opposed. Motion is carried.

10. Executive Session: Discuss Personnel Issues, Litigation and Land Acquisition

Mayor Newlands: Can we get a motion to go into Executive Session?

Councilwoman DUBY: I move that we go into Executive Session at 9:50 p.m.

Councilwoman Hudson: Second.

Mayor Newlands: We have a motion and a second to go into Executive Session. All those in favor say aye. Opposed. Motion carried. It will be a quick Executive Session.

Councilwoman DUBY: I make a motion to come out of Executive Session at 10:27 p.m.

Councilwoman Hudson: Second.

Mayor Newlands: We have a motion and a second to come out of Executive Session. All in favor say aye. Opposed. Motion carried.

Councilwoman DUBY: Mr. Mayor, I make a motion to approve the salary correction for one staff member that we discussed in Executive Session.

Vice Mayor Betts: Second.

Mayor Newlands: We have a motion and a second to adjust the salary of one individual that we discussed in Executive Session. All in favor say aye. Opposed. Motion carried.

11. Adjournment

Councilwoman DUBY: I make a motion to adjourn at 10:28 p.m.

Councilwoman Hudson: Second.

Mayor Newlands: We have a motion and a second to adjourn. All in favor say aye. Opposed. Motion carried. Thank you all.